



Newfoundland and Labrador

# *Budget Highlights* *2000*

## BUDGET PRIORITIES

- |  |                   |
|--|-------------------|
| ✓ Health Care                                    | ✓ Education       |
| ✓ Northern Coastal Labrador Strategic Initiative | ✓ Jobs and Growth |

### *For our People and Economy*

#### **Fiscal Performance 1999-00**

- Fourth consecutive year the Government has met or bettered its fiscal target
- Projected deficit at \$32.8 million
- A stronger year end position will allow the province to defer certain revenues to 2000-01 and to make strategic investments of \$70 million before year-end - \$48 million targeted to health care

#### **Budget Outlook 2000-01**

- Responsible financial management allows us to run a modest deficit of \$34.7 million
- \$30 million contingency reserve is maintained
- No new taxes in this Budget
- Three Year Personal Income Tax reduction strategy commences. \$42 million tax cut in 2000 taxation year - \$175 million over three years
- Third consecutive year of Payroll Tax reductions
  - ➔ tax free threshold increases from \$150,000 to \$400,000, effective April 1, 2000
  - ➔ tax rate for renewable resource sector equalized to 2%, effective April 1, 2000
  - ➔ \$4.1 million overall reduction in tax burden in 2000-01
  - ➔ 1,300 businesses removed from tax roll in 2000-01 - 1,825 since 1998-99

#### **Economic Performance**

- 5.3% real GDP growth in 1999 - Newfoundland and Labrador has fastest growing economy for the 2<sup>nd</sup> straight year
- 5.5% employment growth in 1999 is double the national pace
- Real GDP growth of 4.7% in 2000 expected to lead all provinces - 3<sup>rd</sup> consecutive year

## FOR THE GOOD OF OUR PEOPLE

### Health Care - The Top Priority

#### *Our Record of Putting Health Care First*

- ✓ \$1.2 billion allocated to operate the health care system in 2000-01 - an increase of \$233 million (25%) over five years. The cumulative increase in the health care budget over the past five years is \$516 million
- ✓ Total value committed by this government for capital spending for new health facilities, renovations of existing facilities and equipment is \$434 million
- ✓ In this budget alone, \$136 million in new spending is committed by this government to health care in the Province

#### *Stabilizing Health Board Budgets*

- \$17 million added to base budgets of health care boards this year
- Special review team in place to work with boards to identify core services, priorities, new directions and efficiencies

#### *Health Facilities*

- 14 major construction projects underway in all regions of the Province
- Three facilities to be open in 2000 - Janeway Children's Health and Rehabilitation Centre, Happy Valley-Goose Bay Health Centre and Harbour Breton Health Centre
- Work continues on construction of facilities in Gander, Old Perlican, Fogo, Bonne Bay, Stephenville, Grand Falls-Windsor and Grand Bank
- \$8.7 million to be spent in 2000-01 on renovations to existing facilities

#### *Equipment*

- \$54 million committed over three years for new and improved health care technologies
- New equipment will be purchased for all regions of the Province

### *Health Care Professionals*

- \$600,000 to provide incentives to graduating nurses who commit to work in the Province
- \$2.1 million budgeted for new salaried physicians in priority areas

### *High Priority Programs*

- \$6.2 million allocated to enhance cardiac surgery program
- \$575,000 for two new community based dialysis programs in St. Anthony and Clarenville
- \$2.0 million to create a Comprehensive Breast Health Centre at St. Clare's Hospital
- \$3.3 million in increased funding to improve the road ambulance program
- \$6.0 million approved for the purchase of a more modern air ambulance

## **Educating Our Youth**

### *K to 12 System*

- The current method for allocating teachers could have resulted in a loss of 408 teaching positions. In excess of 300 teaching positions will be reinstated for September 2000 at an annual cost of more than \$15 million
- School Board grant budgets will be maintained at last year's level despite enrolment declines and school closures. \$3.0 million will be retained in School Board operating grants in 2000-01 - \$7.6 million annually has been retained since education reform began
- Government's \$125 million investment in school construction and upgrades will continue. \$38 million will be spent in 2000-01 on 11 new school construction projects in all areas of Newfoundland and Labrador
- \$12 million, over three years, is allocated to address priority repairs and maintenance for existing schools - primarily roof repairs and air quality issues
- \$5.2 million is provided for teacher professional development, an increase of \$900,000



- \$1.5 million is being allocated for the implementation of new curriculum in September 2000
- \$1.0 million is provided to develop and implement a new Newfoundland and Labrador history course
- \$1.0 million has been allocated by the Province, in partnership with the National Literacy Secretariat, to create a \$2.0 million Literacy Endowment Fund
- \$1.0 million is provided for new library books in the public libraries system

#### *Post Secondary System*

- The two year tuition freeze at Memorial University of Newfoundland and the College of the North Atlantic announced last year will be extended an additional year. The cost of this freeze over the three year period is \$36 million
- \$2.1 million to refurbish and upgrade the exterior of the Sir Wilfred Grenfell College
- \$6.5 million is allocated for renovations and equipment to relocate the Medical Sciences Program to the Prince Philip Drive campus of the College of the North Atlantic

### **Supporting Our Families**

- Funding of \$2.0 million is provided to continue initiatives under the Strategic Social Plan
- An additional \$1.0 million is provided to expand the NewfoundJobs Initiative
- \$500,000 is provided to continue the successful project, in partnership with the Single Parent Association, to assist single parents on social assistance increase their employability skills
- An additional \$200,000 will be provided in 2000-01 to support sport in the Province
- An additional \$1.0 million has been allocated as an endowment to the School Children's Food Foundation

### **Supporting our Communities**

- Municipal Operating Grants maintained at \$21.5 million
- \$20 million Municipal Capital Works program is approved for 2000-2001, along with the continuation of projects approved under the \$106.4 million Multi-Year Municipal Capital Works Program cost shared 50/50 with Municipal partners
- An additional \$5.0 million is provided for the Debt Relief Program to assist municipalities achieve financial stability
- \$4.3 million is set aside for Disaster Relief for those communities on the south and southwest coasts affected by the tidal surge in late January
- Government will provide \$800,000 for environmental remediation of contaminated sites
- \$495,000 is provided to expand services in the areas of toxicology, environmental monitoring, waste management and investigation of THM levels in municipal water supplies

### **Investing in Infrastructure**

- \$72 million will be spent on improvements to the Trans Canada Highway, major trunk roads and provincial roads
- \$3.3 million is allocated for improvements to ferry terminals
- \$2.3 million additional funding provided for ferry vessel maintenance and refit

## **A Commitment to Labrador**

### *Northern Coastal Labrador Strategic Initiative*

- \$23 million in additional funding will be provided for initiatives in the five northern coastal Labrador communities of Nain, Hopedale, Rigolet, Makkovik and Postville
- \$7.7 million will be provided over three years to improve housing conditions on the northern Labrador coast. Together with the current plans of the Torngat Regional Housing Co-operative and the Newfoundland and Labrador Housing Corporation, this initiative will meet existing needs with the construction of 125 new homes and renovation of 280 others
- \$9.0 million will be provided through the Inuit Communities Agreement, over the next three years, for water and sewer projects in the five communities
- \$6.0 million, over two years, is allocated for community road upgrading
- \$280,000 is committed for reconstruction of community wharves in Hopedale and Postville
- Enhanced policing services will be provided in the coastal Labrador communities of Makkovik, Postville and Rigolet

### *Other Labrador Initiatives*

- This year, Government will spend \$57.5 million on the construction of the Trans Labrador Highway and two highway depots in the region
- Funding of \$500,000 is provided for the next Labrador Winter Games

## **FOR THE PROSPERITY OF OUR ECONOMY**

### **Renewal Strategy for Jobs and Growth**

- Interim report released on major themes that emerged from the Jobs and Growth consultations and the priorities that government intends to pursue
- In response to concerns expressed over the lack of access to capital and markets, \$3.5 million has been allocated for a number of initiatives to address these concerns - a new Seed Capital Equity Program; a Venture Capital Tax Credit Program; and a Business and Market Development Program
- Payroll tax exempt threshold increased from \$150,000 to \$400,000
- Government will maintain a competitive business tax climate and will not increase the corporate income tax rate for manufacturing and processing

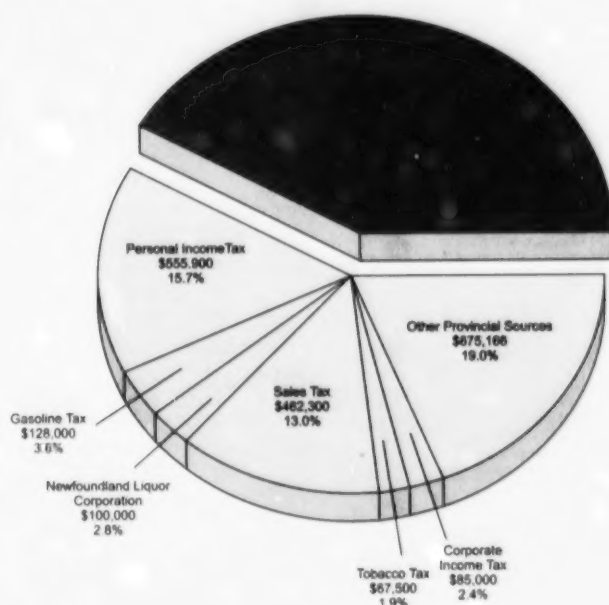
### **Rural Revitalization**

- \$40 million committed for economic development initiatives under the post-Tags economic development programs and other cost shared programs

### **Other Initiatives**

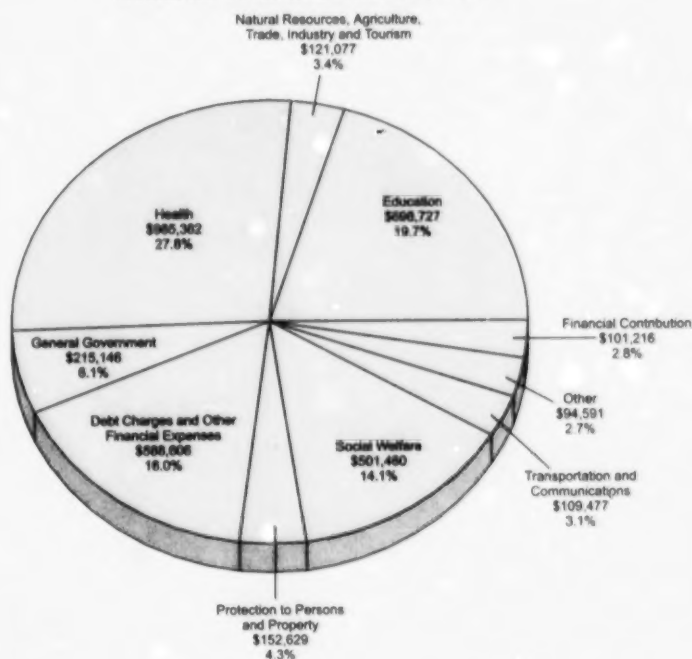
- Funding of \$500,000 is provided to fund the Ports of Call activities as part of the Viking 1000 celebrations.
- An increase of \$250,000 is included in the operating grant to the Newfoundland and Labrador Arts Council.
- \$250,000 in addition to the ongoing allocation of \$2.0 million has been provided to the Department of Mines and Energy to enhance the Junior Company Exploration Assistance Program, Prospectors Assistance Program and a Dimension Stone Incentive Program.
- Funding of \$150,000 for community-based fisheries infrastructure and \$250,000 for a fisheries Quality Assurance Program

# SUMMARY OF CURRENT REVENUES (By Source) WHERE THE MONEY COMES FROM



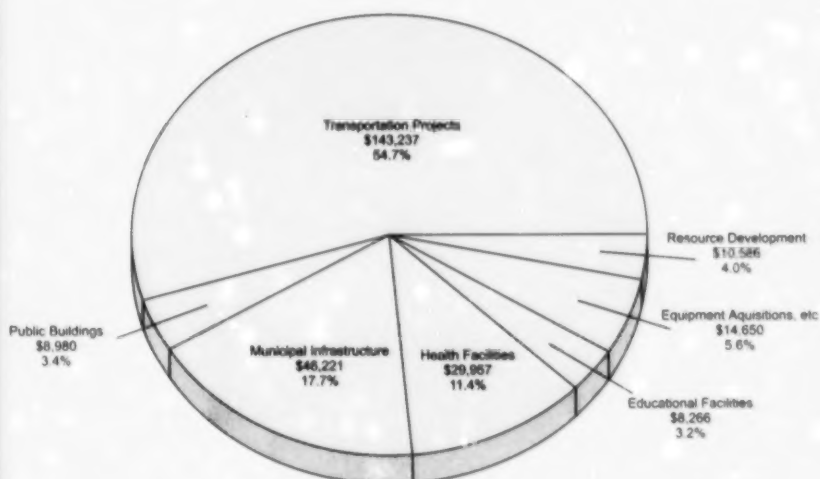
Percentage Of Total		Source	Amount (\$000)	
Revised 1999-00	Estimate 2000-01		Estimate 2000-01	Revised 1999-00
Provincial:				
17.6	15.7	Personal Income Tax	555,900	604,975
13.6	13.0	Sales Tax	462,300	467,164
3.7	3.6	Gasoline Tax	128,000	125,500
2.8	2.8	Newfoundland Liquor Corporation	100,000	96,000
1.9	1.9	Tobacco Tax	67,500	65,100
2.4	2.4	Corporate Income Tax	85,000	83,385
14.5	19.0	Other Provincial Sources	675,166	497,189
56.5	58.4	Total: Provincial	2,073,966	1,939,313
Government of Canada:				
31.2	29.1	Equalization Payments	1,030,500	1,070,920
12.3	12.5	Other Federal Sources	443,925	420,513
43.5	41.6	Total: Government of Canada	1,474,425	1,491,433
100.0	100.0	Total	3,548,291	3,430,746

# SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function) WHERE THE MONEY GOES



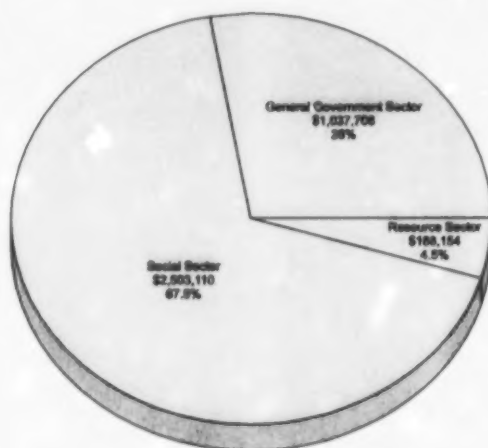
Percentage of Total		Function of Expenditure	Amount (\$000)	
Revised 1999-00	Estimate 2000-01		Estimate 2000-01	Revised 1999-00
		<b>Expenditure:</b>		
20.2	19.7	Education	698,727	692,061
27.1	27.8	Health	985,362	928,685
15.9	16.0	Debt Charges and Other Financial Expenses	568,606	548,503
14.1	14.1	Social Welfare	501,460	485,192
3.1	3.4	Natural Resources, Agriculture, Trade, Industry and Tourism	121,077	104,484
5.9	6.1	General Government	215,146	200,658
4.3	4.3	Protection to Persons and Property	152,629	148,999
3.0	3.1	Transportation and Communications	109,477	103,450
2.5	2.7	Other	94,591	87,200
96.1	97.2	<b>Total: Expenditures</b>	3,447,075	3,297,232
3.9	2.8	<b>Financial Contribution</b>	101,216	133,514
100.0	100.0	<b>Total:</b>	3,548,291	3,430,746

# SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES (By Function)



Percentage of Total		Category of Capital Expenditure	Amount (\$000)	
Revised 1999-00	Estimate 2000-01		Estimate 2000-01	Revised 1999-00
Expenditure:				
44.2	54.7	Transportation Projects	143,237	132,381
10.4	4.0	Resource Development	10,586	31,261
14.1	17.7	Municipal Infrastructure	46,221	42,318
15.1	11.4	Health Facilities	29,957	45,326
3.4	3.2	Educational Facilities	8,266	10,012
10.2	5.6	Equipment Acquisitions, etc.	14,650	30,602
2.6	3.4	Public Buildings	8,980	7,825
100.0	100.0	Total: Expenditure	261,897	299,725
Source of Financing:				
23.4	25.0	Government of Canada Revenues	65,474	70,095
21.1	34.6	Provincial Revenues	90,516	63,297
55.5	40.4	Financial Requirement	105,907	166,333
100.0	100.0	Total: Sources	261,897	299,725

**SUMMARY OF GROSS GOVERNMENT EXPENDITURES  
CURRENT AND CAPITAL  
(By Sector)**



**(TOTAL EXPENDITURE: \$ 3,708,971,900)**

**GROSS GOVERNMENT EXPENDITURE**

	Estimate 2000-01 (\$000)	Percentage of Total %
Sector Expenditure		
General Government .....	1,037,708	28.0
Resource .....	168,154	4.5
Social .....	2,503,110	67.5
<b>Total: Expenditure</b> .....	<b>3,708,972</b>	<b>100.0</b>

**GENERAL GOVERNMENT SECTOR**

	Estimate 2000-01 (\$000)	Percentage of Total %
Consolidated Fund Services .....	611,706	16.5
Executive Council .....	29,844	0.8
Finance .....	47,471	1.3
Government Services and Lands .....	26,080	0.7
Legislature .....	11,343	0.3
Public Service Commission .....	2,282	0.1
Works, Services and Transportation .....	308,979	8.3
<b>Total: General Government Sector</b> .....	<b>1,037,708</b>	<b>28.0</b>

**SOCIAL SECTOR**

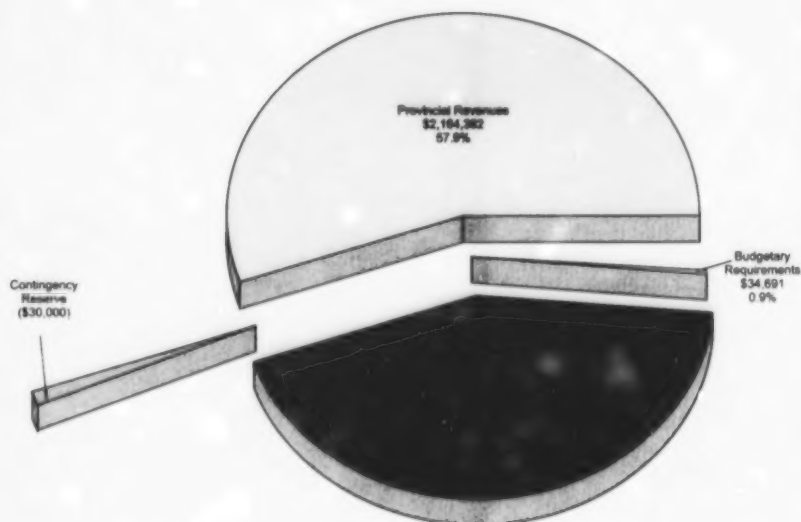
	Estimate 2000-01 (\$000)	Percentage of Total %
Education .....	722,067	19.5
Health and Community Services .....	1,285,611	34.1
Human Resources and Employment .....	281,210	7.8
Justice .....	123,140	3.3
Municipal and Provincial Affairs .....	104,854	2.8
Newfoundland and Labrador Housing Corporation .....	6,400	0.2
<b>Total: Social Sector</b> .....	<b>2,503,110</b>	<b>67.5</b>

**RESOURCE SECTOR**

	Estimate 2000-01 (\$000)	Percentage of Total %
Development and Rural Renewal .....	34,704	0.9
Environment and Labour .....	12,336	0.3
Fisheries and Aquaculture .....	13,219	0.4
Forest Resources and Agrifoods .....	45,718	1.2
Industry, Trade and Technology .....	18,493	0.5
Mines and Energy .....	18,195	0.5
Tourism, Culture and Recreation .....	25,480	0.7
<b>Total: Resource Sector</b> .....	<b>168,154</b>	<b>4.5</b>

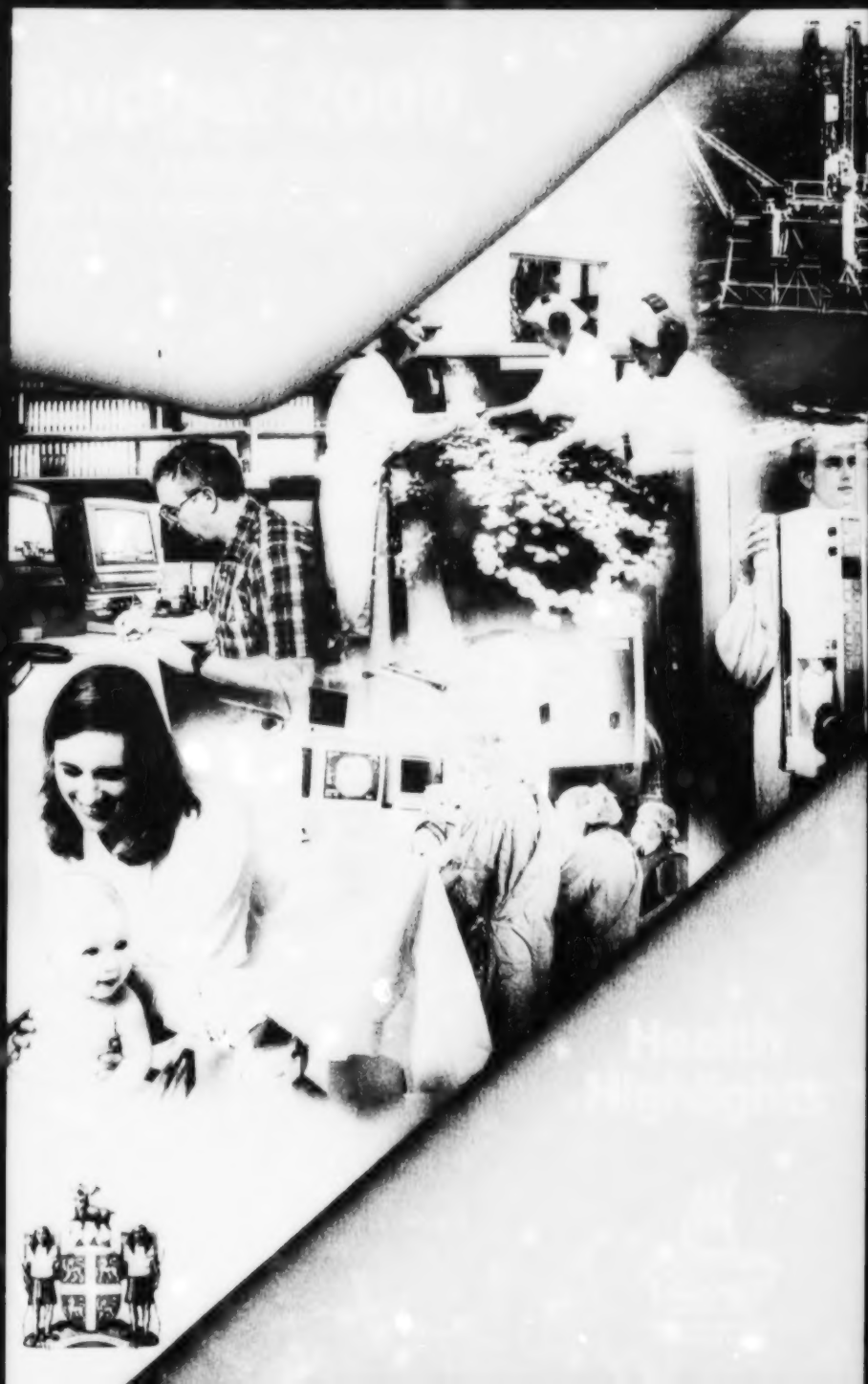


**SUMMARY OF BUDGETARY FINANCING SOURCES**  
**(For Gross Current and Capital Account Expenditures)**



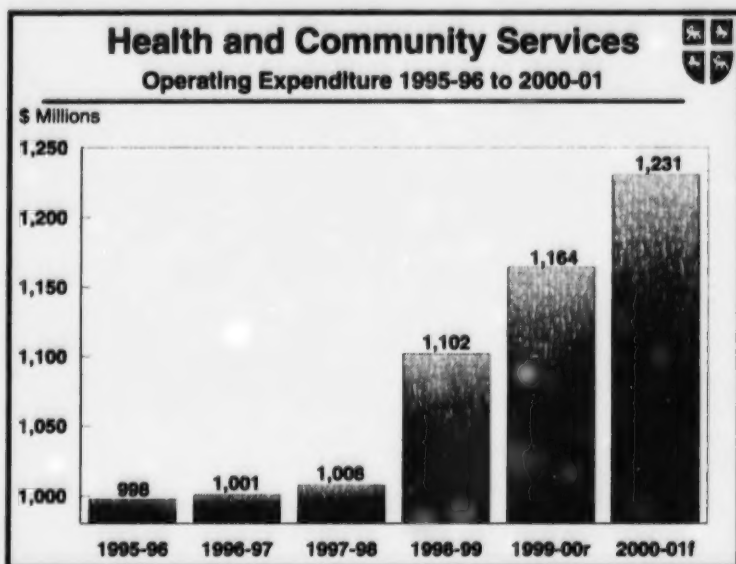
Percentage of Total		Category of Financing	Amount	
			(\$000)	
<u>Revised</u> <u>1999-00</u>	<u>Estimate</u> <u>2000-01</u>		<u>Estimate</u> <u>2000-01</u>	<u>Revised</u> <u>1999-00</u>
		<b>Revenue Sources:</b>		
55.7	57.9	Provincial	2,164,382	2,002,610
43.4	41.2	Federal	1,539,899	1,561,526
			3,704,281	3,564,136
0.9	0.9	<b>Budgetary Requirements:</b>	34,691	32,819
100.0	100.0	<b>Total: Sources</b>	3,738,972	3,596,957
		Contingency Reserve	(30,000)	-
		<b>Gross Current and Capital Expenditures:</b>	3,708,972	3,596,957





**"Of every dollar government spends on programs, 42 cents is spent on the number one priority of Newfoundlanders and Labradorians - Health Care ."**

**Roger D. Grimes, M.H.A.  
Exploits District  
Minister of Health and Community Services**



*Since 1995-96, \$516 million has been added to Health and Community Services budgets.*

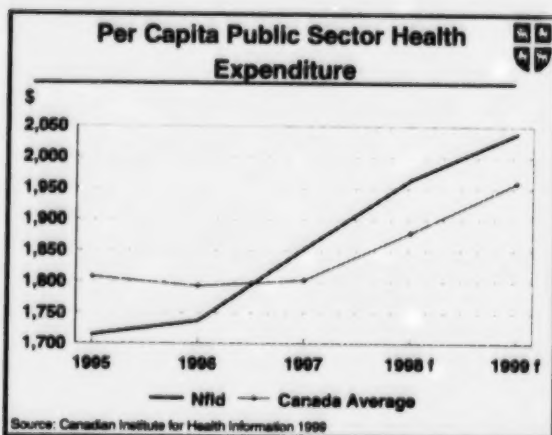
*Since 1995-96, government has committed almost \$1 billion in additional spending for operating the health care system and investments in facilities and equipment.*

#### Operating the Health Care System

- ✓ \$516 million in additional funding since 1995-96

#### Investing in Facilities and Equipment

- ✓ \$434 million has been committed for health related capital projects and equipment in the past five budgets
  - \$330 million on new health facilities and renovations
  - \$104 million on new health equipment



*Newfoundland and Labrador spent \$2,037 per person in 1999 on public sector health care, up from \$1,714 in 1995. This is almost \$80 per person above the Canadian average in 1999.*

### Construction of New Health Facilities

	<u>Total Cost</u>	<u>Completion Date</u>
St. John's Site Redevelopment	\$130 million	2000-01
James Paton Memorial Hospital	\$58 million	2003-04
Melville Health Centre	\$30 million	2000-01
Sir T. Roddick Hospital, Stephenville	\$26 million	2003-04
Grand Bank Clinic and Long Term Facility	\$17.3 million	2003-04
Carmelite House in Grand Falls-Windsor	\$10 million	2001-02
Fogo Health Centre	\$8.6 million	2001-02
Bonne Bay Health Centre	\$8.5 million	2001-02
Harbour Breton Health Centre	\$8.2 million	2000-01
Old Perican Health Centre	\$3.5 million	2000-01
Janeway Hostel	\$3.5 million	2001-02
Forteau Community Health Centre	\$500,000	2000-01

### Renovation of Existing Facilities

\$8.7 million on renovations in 2000-01. Selected examples include:

- G.B. Cross Memorial Hospital, Clarenville - redevelopment/ambulatory care project
- J.I. O'Connell Centre, Corner Brook - exterior renovations
- Carbonear General Hospital - emergency department renovations

Renovations will also occur at:

- |   |                                   |
|---|-----------------------------------|
| -A.M. Guy Memorial Health Centre              | -Bonnews Lodge                    |
| -Baie Verte Peninsula Health Centre           | -Carmanville & Glovertown Clinics |
| -Central Nfld. Regional Health Centre         | -Lakeside Homes                   |
| -Western Memorial Regional Hospital           | -Carbonear Interfaith Home        |
| -Corner Brook Interfaith Home                 | -St. Brendan's Clinic             |
| -Capt. Wm. Jackman Memorial Hospital          | -C.S. Curtis Memorial Hospital    |
| -Pentecostal Sen. Cit. Home in Clarke's Beach | -Harbour Lodge                    |
| -St. John's Nursing Home Board Facilities     | -Burin Peninsula Health Centre    |

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## **New Health Equipment**

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Over the next three years, government will spend \$54.3 million in new equipment. Selected examples include:

### **Health Care Corporation of St. John's**

- Anaesthesia Machines/Monitors
- Heart/Lung Machine
- Chest X-Ray Unit
- Laboratory Analyzer
- EEG Machine
- Neonatal Ventilators
- Microscopes/Monitors
- Adult Ventilators
- Ultrasound Machine

### **Central Newfoundland Regional Health Centre, Grand Falls-Windsor**

- Cardiac Monitoring Equipment
- Blood Gas Analyzer
- General X-Ray Machine

### **Harbour Breton Health Centre**

- Ultrasound Machine

### **Charles S. Curtis Memorial Hospital, St. Anthony**

- Kidney Dialysis
- X-Ray Equipment

### **Western Memorial Regional Hospital, Corner Brook**

- Echocardiography Equipment
- X-Ray Equipment

### **James Paton Memorial Hospital, Gander**

- Sterilizer
- CT Scanner
- Ultrasound Machine

### **Carbonear General Hospital**

- Ventilator
- CT Scanner

### **St. Patrick's Nursing Home, St. John's**

- Meal Tray Delivery System

### **Burin Peninsula Health Care Centre**

- Pulmonary Function Machine
- Mammography Equipment

### **G.B. Cross Memorial Hospital, Clarenville**

- CT Scanner
- X-Ray Equipment

### **Melville Health Centre, Happy Valley-Goose Bay**

- CT Scanner

### Programs

#### Cardiac Care

- \$6 million to improve the cardiac program and wait list

#### Kidney Dialysis

- \$570,000 to establish community-based kidney dialysis programs at St. Anthony and Clarendville

#### Breast Health Centre

- \$2 million to create a comprehensive Breast Health Centre at St. Clare's Hospital

#### Cervical Cancer Screening

- \$200,000 for the Cervical Cancer Screening Program in western Newfoundland

#### Ambulance Service

- \$6 million for a King Air 350 air ambulance to replace the old King Air 100
- \$3.3 million for improved road ambulance services

#### Children with Autism

- \$2.2 million, three year commitment to support children with autism

#### Tobacco Reduction Strategy

- \$900,000, three year commitment to reduce smoking in the province

#### Personal Care Home Industry

- \$1.3 million for increase in subsidies and rates for the personal care home industry

### Health Professionals

#### Nurses

- \$600,000 for incentives for graduating student nurses
- \$225,000, three year program to assist nursing students in gaining experience in rural areas
- \$1.2 million to hire Nurse Practitioner program graduates

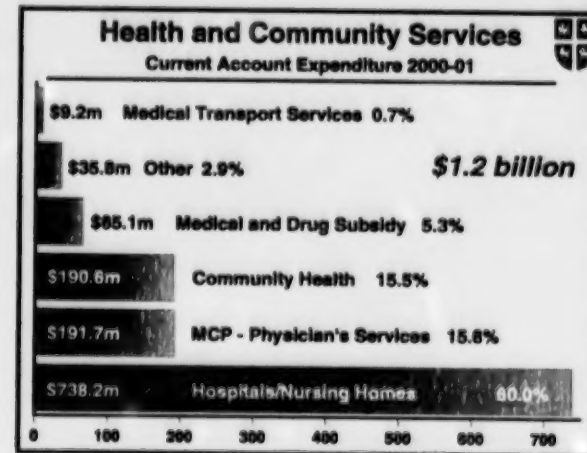
#### Physicians

- \$2.1 million to hire new salaried physicians in priority areas
- \$1.9 million is being added to the \$32 million physician services memorandum of understanding (MOU) because of increased fee-for-service physicians

#### Allied Health Professionals

- approximately \$500,000 on seat purchase and bursary programs for Allied Health Professionals in occupational therapy, physiotherapy, audiology and speech pathology fields

Our commitment to addressing the needs of health care is demonstrated in Budget 2000 with \$135.8 million committed in new spending.



*Hospitals/Nursing Homes expenditure is 60 per cent of the Department's Budget for 2000-01.*

*Our publicly funded health system binds Newfoundlanders and Labradorians together, and indeed all Canadians. Government has devoted its efforts to maintaining a quality system in this province, and we strongly encourage the federal government to do so at the national level. We stand proud on our tradition of investments in health care. However, we are also realistic. With the assistance of our special review team, we will ensure that our health care system provides the best quality of services within our fiscal capacity. However, the challenges facing our health care system are national in scope. We require leadership and commitment from the federal government to help solve the funding crisis in health care. Only then can we move to define the health system of the future.*





# Budget 2000

For The Health of Our People  
For The Health of Our Economy



*Vikings*  
Make the difference

**2000 BUDGET SPEECH**  
**NEWFOUNDLAND AND LABRADOR**

***"For The Health of Our People,  
For the Health of Our Economy"***

Presented by

**HONOURABLE LLOYD MATTHEWS  
MINISTER OF FINANCE**

**AT THE  
SECOND SESSION OF THE FORTY FOURTH GENERAL ASSEMBLY  
OF THE HOUSE OF ASSEMBLY**

**WEDNESDAY, MARCH 22, 2000**

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**FOR OUR PEOPLE AND ECONOMY**

Mr. Speaker, I am pleased today to deliver my first budget as Finance Minister and the first budget of this new century. It also marks another year of great celebration in the Province when we commemorate the 1000<sup>th</sup> anniversary of the European discovery of North America by the Vikings. We are again inviting the world to come celebrate with us.



This is also the fifth budget of this government led by Premier Tobin, a government that not only promised, but has delivered sound fiscal management. I am pleased to report today that for the fourth consecutive year we will have met or bettered our fiscal targets. This record is a testament to the fiscal responsibility that has been a hallmark of this government and is a credit to my predecessor as Finance Minister, the Honourable Paul Dicks, who presided over those four budgets.

For 2000-01 we have balanced the need to maintain the fiscal health of our Province with the need to maintain our growing economy. The health care needs of the people of this Province are the priority issue for this government and of this budget.

The health of our people is tied directly to the economic well-being of our Province. As our economy improves, so will our capacity to improve health care and other social programs. Supporting our economic health is also a priority for government. It is my privilege today to outline the many measures we are taking to ensure we address these priorities.



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**BUDGET PLAN****1999 Economic Review**

Mr. Speaker, in 1999 Newfoundland and Labrador had the fastest growing economy of any province for the second consecutive year, with real GDP rising about 5.3%. Together with 1998, this is the best consecutive two years of economic growth we have recorded since 1973-74.

Total exports, led by the oil and fishing industries, reached \$5.7 billion, representing a gain of 13.1%.


Hibernia produced over 36 million barrels of oil with an estimated production value in excess of \$1 billion. Oil and gas exploration increased from \$67 million in 1998 to \$250 million in 1999.

The value of fish landings rose 36% as a result of higher catches of crab, shrimp and groundfish. There was a 27% increase in newsprint shipments reflecting recovery from the previous year. The value of manufacturing shipments grew 13.1%.

Tourism, anchored by Soiree '99, continued to perform well, bringing non-resident visits to their highest level ever.

We had our third consecutive year of strong retail sales, with retail trade expanding 6.9%. Investment reached a record level of \$3.4 billion, an increase of 21%.

Our growing economy led to strong employment growth of 5.5% and brought employment to its highest level since 1990. This rate is double the national pace and the strongest growth of any province.

 <b>NEWFOUNDLAND AND LABRADOR</b> <b>Main Economic Indicators</b> <b>(Percentage Change)</b>		
	<u>1999</u>	<u>2000</u>
<b>Gross Domestic Product</b>		
Nominal	7.1	11.9
Real	5.3	4.7
<b>Personal Income</b>		
Nominal	4.3	3.8
Real	2.8	1.3
<b>Retail Sales</b>		
Nominal	6.9	5.1
Real	5.5	2.3
<b>Capital Investment</b>		
Nominal	21.0	(7.4)
Real	20.8	(5.0)
<b>Consumer Price Index</b>	1.5	2.5
<b>Employment</b>	5.5	2.8
<b>Unemployment Rate (percent)</b>	16.9	15.9

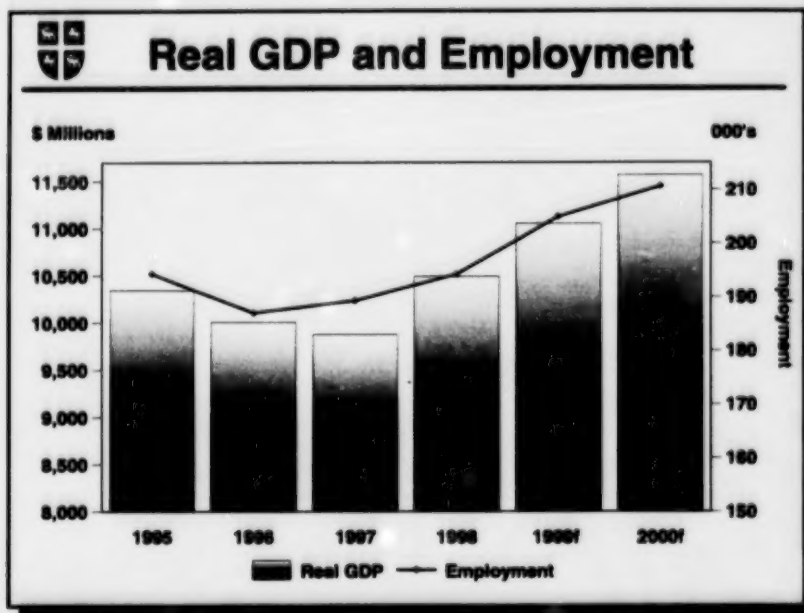
## 2000 Economic Outlook

Mr. Speaker, real GDP is forecast to again show significant growth in 2000, increasing by 4.7%. We should lead all provinces in economic growth for the third consecutive year. Increased exports and tourism, as well as personal income tax cuts and public sector spending, will be catalysts for growth.

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Oil production should increase to reach its estimated annual peak production of 50 million barrels. Development of the Terra Nova oilfield, as well as delineation drilling at other offshore fields, will contribute to growth.



Fish landings should be on par with 1999, with markets expected to remain strong for most species. Iron ore prices are expected to rise, and both the value and volume of mineral shipments will recover. The volume of newsprint shipments should rise to near record levels, with prices strong internationally.


Tourism should experience its best year ever with the Vikings! 1000 Years celebration.

Retail sales are expected to be up a further 5.1%, brought on by employment and wage gains, as well as \$60 million in personal income tax cuts; an \$18 million federal cut and a \$42 million provincial cut.

Employment should grow 2.8%, with the unemployment rate falling another full percentage point, for a cumulative decline since 1996 of almost 3.5 points.

### 1999-2000 Fiscal Performance

Mr. Speaker, in the early years of this administration our economy struggled to adjust to the impact of the groundfish closure. Despite this setback, over our first three budgets we recorded the best fiscal performance for any three year period of any government since Confederation. Each year we met and bettered our deficit targets.

 <b>SUMMARY OF 1999-00 FINANCIAL PERFORMANCE</b> (\$Millions)			
	<u>Budget 1999-00</u>	<u>Revised 1999-00</u>	<u>Variance</u>
<b>Current Account</b>			
Gross Expenditure	3,277.2	3,297.2	(20.0)
Related Revenue	<u>346.5</u>	<u>226.9</u>	<u>(119.6)</u>
Net Expenditure	2,930.7	3,070.3	(139.6)
Provincial and Federal Revenues	<u>3,030.5</u>	<u>3,203.8</u>	<u>173.3</u>
<b>Current Account Surplus</b>	<u>99.8</u>	<u>133.5</u>	<u>33.7</u>
<b>Capital Account</b>			
Gross Expenditure	258.4	299.7	(41.3)
Related Revenue	<u>155.3</u>	<u>133.4</u>	<u>(21.9)</u>
Net Expenditure	<u>103.1</u>	<u>166.3</u>	<u>(63.2)</u>
<b>Contingency Reserve</b>	<u>30.0</u>	<u>-</u>	<u>30.0</u>
<b>Total Budgetary (Deficit)</b>	<u><u>(33.3)</u></u>	<u><u>(32.8)</u></u>	<u><u>0.5</u></u>

I am pleased to report that we will again meet our fiscal target by recording a modest deficit of \$32.8 million for 1999-2000. Prior to this government taking office, the

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Province had not recorded a deficit this low since 1965-66. Large annual deficits were the norm in the intervening period, with deficits in excess of \$100 million in 22 of those 30 years.

Since taking office, we have now recorded the best fiscal performance for any consecutive four year period since the early 1960s. Our sound performance has not gone unnoticed. In 1998 and again in 1999 the Province received upgrades to our credit rating from two agencies. These upgrades are an expression of confidence in the fiscal and economic outlook for this Province.

The modest deficit, however, does not tell the whole story. We could have recorded a significant surplus of \$166.2 million. This was due mainly to higher than expected current account revenues of \$173.3 million. While recording a large surplus may have been a notable event in the short term, we are managing the finances of this Province for the long term and for the future sustainability of our social programs and our economy.

We will use our fiscal flexibility to defer certain revenues to 2000-01 to assist in achieving a satisfactory financial position in that year and to make a number of strategic investments before year end.


#### Strategic Year End Investments

Of the \$70.4 million allocated to strategic year end investments, \$48.3 million, or over two thirds, is dedicated to health care, our number one priority. To assist municipalities, an additional \$5 million will be put into the Debt Relief Program. Another \$11.2 million will go to enhancing education, \$1 million to library books, \$500,000 of a \$1 million

commitment to the School Children's Food Foundation, \$400,000 to heritage conservation and \$4 million to other initiatives.

## 2000-01 Fiscal Outlook

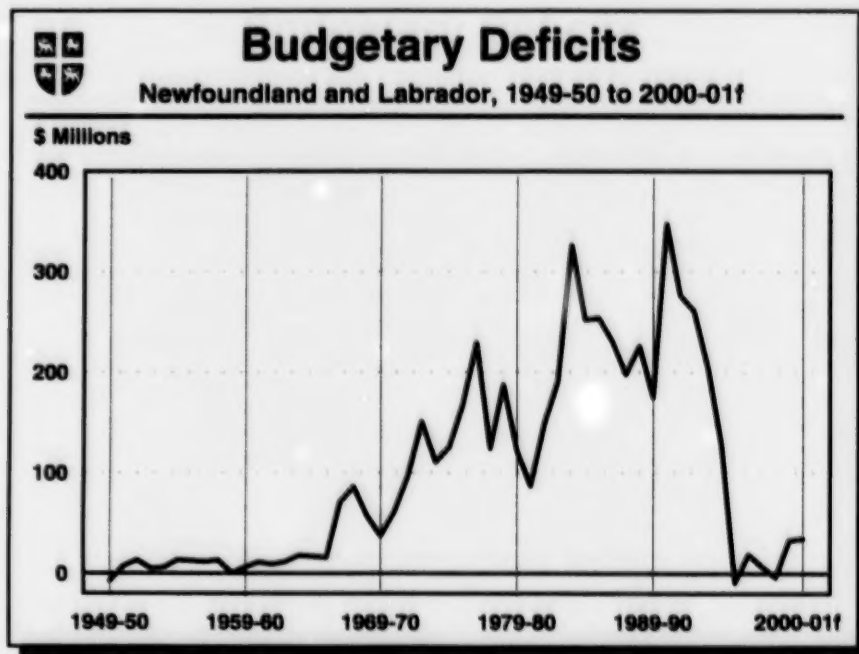
Mr. Speaker, for 2000-01 our priorities are the priorities of the people of this Province. They spoke to us during the consultations on the Province's tax system held by the Premier's Advisory Council on the Economy and Technology, the Jobs and Growth consultations chaired by my colleague the Minister of Development and Rural Renewal and the recent pre-budget consultations. We received sound advice. Mr. Speaker, the priorities of the people are clear.

 <b>ESTIMATED BUDGETARY POSITION</b> (\$Millions)		
	<b>Estimates 2000-01</b>	<b>Revised 1999-00</b>
<b>Current Account</b>		
Gross Expenditure	3,447.1	3,297.2
Related Revenue	<u>402.1</u>	<u>226.9</u>
Net Expenditure	3,045.0	3,070.3
Provincial and Federal Revenues	<u>3,146.2</u>	<u>3,203.8</u>
<b>Current Account Surplus</b>	<u>101.2</u>	<u>133.5</u>
<b>Capital Account</b>		
Gross Expenditure	261.9	299.7
Related Revenue	<u>156.0</u>	<u>133.4</u>
Net Expenditure	<u>105.9</u>	<u>166.3</u>
<b>Contingency Reserve</b>	<u>30.0</u>	-
<b>Total Budgetary (Deficit)</b>	<u><u>(34.7)</u></u>	<u><u>(32.8)</u></u>

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We were asked to control the deficit so social programs and public services can be sustained. We have delivered this kind of sound and prudent fiscal management every year and this year will be no exception. The deficit target for 2000-01 has been set at \$34.7 million, which includes the \$30 million contingency reserve we have maintained each year against unforeseen events.

People have told us that the average family cannot afford to pay higher taxes. This administration brought taxes down for the first time since Confederation with the \$105



million HST cut in 1997. Taxes were cut again with the announcement last November that Provincial personal income tax would be cut by \$175 million over three years, commencing on January 1, 2000.



People have told us that their priorities for any extra fiscal flexibility are straightforward. They want government to invest in health care, followed by education and helping those in need. Mr. Speaker, this is exactly what this budget does.

This budget also has another focus. We have listened carefully to the consultations held around the Province to renew our Strategy for Jobs and Growth. In this budget, we will be taking steps to respond to some of the things we heard.

A healthy fiscal position, combined with competitive taxes and a growing economy, is the only sure way to have adequate and sustainable social programs and public services. This first budget of the new century sets the course to achieving this goal.

### **Provincial Pension Plans**

Since 1998 we have been contributing special payments to public sector pension plans, which by the end of 2000-01 will amount to \$548 million. Further payments are required before government will have fulfilled its current obligations. The unfunded liability in all our public sector pension plans stands at \$3 billion. We have committed to make additional payments of \$116 million a year to reduce this obligation. These payments are necessary to ensure the pension benefits our employees have paid for are protected.

With the actions we are taking, pensioners can be confident they will continue to receive 100% of the benefits they paid for. Any increase in pension payments or indexing of the plans would require more payments by government and plan members. The present pension plans simply cannot afford any additional obligations for higher payouts at this time. We are open to discuss shared solutions with stakeholders.



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## **FOR THE GOOD OF OUR PEOPLE**

Mr. Speaker, of every three dollars we spend, two dollars is expended in the social sector. If we exclude debt servicing, we spend almost 80 cents of every dollar on health care, education and helping those most in need.

### **Health Care**

Let me be clear that the number one priority of this government is health care. As a government, we must ensure all Newfoundlanders and Labradorians have access to appropriate levels of quality health care. Escalating costs will continue to be our greatest single challenge in meeting health care needs.

#### **Our Record of Putting Health Care First**

This budget highlights some of the measures we are taking to act on our commitment to health care. When this government took office at the end of the 1995-96 fiscal year the cost of operating the health care system was just under \$1 billion. This year, Mr. Speaker, we are allocating almost 1 billion 250 million dollars to operate the health care system, an increase of almost 25% in just five years. In comparison, the total cost of operating government over this same period has increased only 4.4%. Government will spend \$233 million more on health care this year than was spent five years ago.

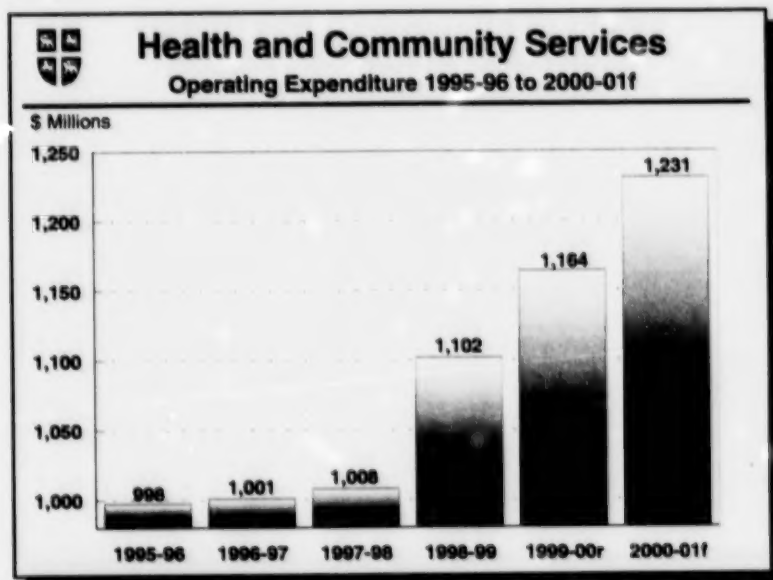
When we took office we said the economy would have two tough years and then improve. We faced large deficits and had to undertake a program review exercise to rationalize our spending in the 1997 budget. Expenditures were cut in every department - except Health. Health care spending has increased in every year of this government's

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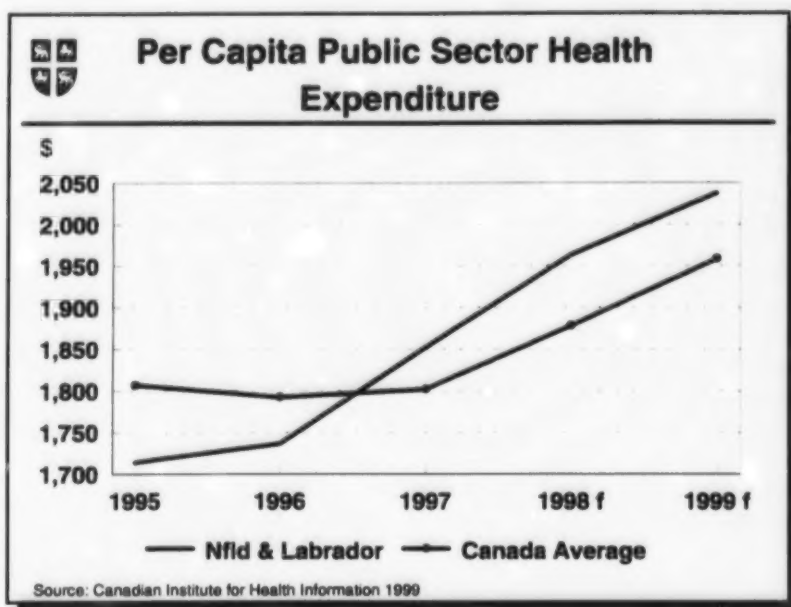
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mandate. In total, we have dedicated \$516 million more to operating the health care system since we took office in 1996.

In addition, over this period, we have made commitments for \$273.5 million to be invested in health care facilities and equipment. Through the health and community services boards, a further \$160 million is being invested in capital projects approved by government. In total, these commitments represent an investment in health care facilities and equipment since 1996 of \$433.5 million.



The Canadian Institute for Health Information confirms that per capita public spending on health in this Province was below the Canadian average until 1996. But, since 1997 this Province has exceeded the Canadian average each year. This demonstrates the commitment of this government to health care.



At year end, an additional \$48.3 million is being allocated to health care. The budget increases spending for this year by \$87.5 million. This means that in this budget \$135.8 million more is committed by this government to health care spending. We are confident that this Province will again this year exceed the Canadian average for per capita public spending on health.

#### Stabilizing Health Board Budgets

In the 1999 Budget, \$40 million was allocated to eliminate deficits accumulated by institutional boards to March 31, 1998. Since the 1997 Health Forum, we have added to the base budgets of health boards each year. This includes a base budget increase at year end of \$16.7 million, the fourth increase in the annual allotment in four years. The cumulative amount that has been added since 1997 is \$173.4 million.

One of our primary objectives is to ensure the people's health care dollars are being spent wisely. I am announcing today that we have put in place a special review team to work with boards to identify core services, priorities, new directions and efficiencies. Following the work of the team, boards will begin to implement three year action plans. The objective is for boards to identify ways to optimize our health system and begin to define the system of the future.

#### Meeting Needs for Health Facilities

Mr. Speaker, the significant investment we have made in health care facilities in all regions of the Province is a legacy of this commitment. This year 14 major capital projects are being funded.

In 2000, we will see completion of the \$130 million redevelopment of hospital services in St. John's as the major centre for referrals for all the Province. The redevelopment includes a new Janeway Children's Health and Rehabilitation Centre with in-patient facilities for 103 children, renovations at St. Clare's Hospital and transfer of services from the closure of the Grace Hospital. Two other new hospitals will also be open in the Province this summer. In Happy Valley-Goose Bay the new \$30 million Melville health centre will open, as will the new \$8.2 million Harbour Breton Health Centre.

In addition, the redevelopment of the Gander hospital will continue. Work will be ongoing on new health centres in Old Perlican, Fogo and Bonne Bay. A new hospital for Stephenville will be completed in 2003-04. A long term care facility is being constructed in Grand Falls-Windsor. Planning and site preparation will commence on a new combined clinic/chronic care facility at Grand Bank.

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As well, \$8.7 million will be spent to renovate and upgrade existing health facilities in the Province. Major renovations will be carried out at Carbonear, Clarenville, Corner Brook and Forteau. Many other projects will be undertaken throughout the Province.

Government has also approved funding of \$1.5 million towards construction of a new \$3.5 million Janeway Hostel.

#### **Meeting Needs for Equipment**

Additional investment in new health care technologies and equipment is also essential. Over the next three years, Mr. Speaker, government will spend \$54.3 million on equipment, \$24.3 million this year. The new Janeway will receive \$6 million for equipment. Together with \$5 million allocated last year and the \$6 million to be raised by the hospital foundations, the St. John's redevelopment will incorporate \$17 million in new equipment.

New equipment will be purchased for all regions of the Province. This includes X-Ray equipment for central and western Newfoundland and the Northern Peninsula; CT scanners for central and eastern Newfoundland, the Avalon Peninsula and Labrador; Ultrasound machines for central Newfoundland, the south coast and the Avalon Peninsula; mammography equipment for the Burin Peninsula; and kidney dialysis machines for the Northern Peninsula and eastern Newfoundland.

#### **Stabilizing the Health Care Workforce**

One of government's goals is to have a stable workforce for the health sector. This budget allocates \$600,000 to provide incentives to graduating nurses who commit to work in the Province. Government will also undertake a 3 year \$225,000 program to

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assist nursing students gain experience in rural areas of the Province. An additional \$1.2 million is also allocated to hire Nurse Practitioner program graduates.

This year the Province will spend \$186 million for physician services. This includes \$8.2 million provided last year to hire more than 50 new physicians. This year \$2.1 million is budgeted to hire new salaried physicians in priority areas. Because of an increased number of fee-for-service physicians, \$1.9 million has been added to the physician services agreement this year.

#### Investing in High Priority Programs

In programs and services, we have identified the needs which call for immediate investment, and are addressing specific requirements at this time.

#### *Cardiac Surgery*

Government has approved \$6.2 million to enhance the cardiac surgery program to meet current and future needs. New equipment is being provided, as well as an increase in operational funding. By the Fall of 2000 the number of surgeries will increase by 25%, or about 150 more surgeries a year. In the interim, to reduce the cardiac surgery wait list, the approved funding includes \$2.2 million to give 60 patients the opportunity to have their cardiac surgery performed outside the Province.

#### *Kidney Dialysis Pilot Projects*

Mr. Speaker, I am pleased to announce that new community based kidney dialysis programs will be established this year at Clarendville and St. Anthony, with more than \$570,000 provided to purchase new dialysis machines and to operate these pilot



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projects. This decision follows a report of the Provincial Renal Advisory Committee on Dialysis that identified these sites as locations for community based units in non-hospital environments.

### *Breast Health Centre*

This year \$2 million is provided to create a comprehensive Breast Health Centre at St. Clare's Hospital. The Centre will serve as a screening and diagnostic facility for the St. John's area, as well as coordinate provincial diagnostic activities and be the administrative hub for the breast health program.

### *Road Ambulance Service*

To improve road ambulance service in the Province, government is working with all operators and has approved a \$3.3 million increase in funding in this budget.

### *Air Ambulance Service*

To replace the air ambulance with a more modern aircraft, \$6 million has been approved. The replacement plane will be faster and have longer range. It also will be able to accommodate two stretcher patients as opposed to the present one, and will be able to transport more medical equipment and attendants. Government will also increase funding for the service by one third, or \$400,000.

### *Drug Program*

An additional \$5.4 million is allocated this year under the provincial Drug Program to provide for coverage of new and proven drug therapies and for increased utilization.

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*Primary Care Projects*

This year \$1 million is provided to continue pilot projects in Happy Valley-Goose Bay, Twillingate and Port-aux-Basques to search out innovative ways to deliver primary health care through a team approach to health and well-being.

*Enhancing Community Based Services*

Mr. Speaker, the integration of health and community services has achieved the goal of delivering services closer to the community. This year will also see enhanced services in this area through the implementation of the new Child, Youth and Family Services Act, and through other initiatives.

*Children with Autism*

As part of a \$2.2 million three year commitment for support of children with autism, \$410,000 is provided this year.

*Anti-Tobacco Strategy*

To reduce smoking in the Province, government has committed \$900,000 to a three year Provincial Tobacco Reduction Strategy. This year, the second \$300,000 has been allocated, reinforcing government's commitment to, in particular, curb smoking among youth.



*Cervical Cancer Screening*

For a cervical cancer screening program in western Newfoundland, \$200,000 is provided in this budget.

*Personal Care Homes*

For increases in subsidies and rates, an additional \$1.3 million is allocated this year for personal care homes.

*The Future of Health Care*

Mr. Speaker, this government has taken a practical, sensitive and forward looking view of our responsibilities to maintain and enhance the quality of health care in this Province. We are doing all we can within our means to address this number one priority. We strongly encourage the federal government to demonstrate the same level of leadership and commitment to health care nationally. The challenges facing our health care system are national in scope. Only with the full partnership of the federal government can we move to define together the health care system of the future.

*Federal Financial Support for Health Care*

The Canadian Health and Social Transfer, or CHST, is a payment to all provinces and territories by the federal government in support of health care and other social programs. It recognizes that provinces have the constitutionally assigned responsibility to deliver health care services in this country and that it is the obligation of the federal government to ensure they have the financial resources to do so. Provincial-Territorial

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Premiers and Finance Ministers have been united in asking the federal government to restore the cuts made to transfer programs in the 1990s.

Mr. Speaker, governments, federal and provincial , must work together to secure the future of health care this year. Both myself and the Minister of Health will work with our counterparts in Ottawa and in the provinces to prepare a plan of action for a First Ministers' meeting on health care.

### **Education**

Mr. Speaker, education is our second largest expenditure, accounting for 20% of the budget, or \$1 of every \$5 we spend. There is no greater responsibility we have as a government to our youth than to ensure they have the opportunity for a good education. Newfoundland and Labrador schools have the lowest pupil-teacher ratio in Canada and this Province has the highest spending on education as a percentage of total public expenditure, in the country.

### **K to 12 System**

In the K to 12 system our biggest challenge is how to deal with declining enrolments. Last August a Ministerial Panel was established to review curriculum and the way resources are provided to schools, and to make recommendations for a new method to allocate teachers. The Panel of two prominent educators, Dr. Len Williams and Dr. Ron Sparkes, consulted extensively with students, parents, teachers, administrators and other stakeholders. While the final report will not be submitted until the end of this month, key findings have been taken into account in this budget.

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*Teacher Allocations*

The decline in student enrolment and the closure of some schools could have resulted in a loss of 408 teaching positions for September 2000 under the current method for allocating teachers. The Ministerial Panel has recommended a new student-focused funding system which will allocate teachers based on the need to deliver an essential program for all students. The Panel has recommended the reinstatement of 300 teaching positions for September 2000, which represents a \$15 million reinvestment in the school system. Mr. Speaker, I am pleased to announce that government is accepting that recommendation and will be reinstating the 300 positions this year.

*Professional Development*

We are increasing our investment in the continuing education of teachers to ensure they are provided with the most recent teaching strategies and skills. An additional \$900,000 has been allocated for increased professional development activities and to facilitate implementation of new curriculum, with emphasis on early literacy initiatives. This will bring the total investment in professional development this year to \$5.2 million.

*Curriculum Enhancements*

Curriculum initiatives are also being undertaken this year. Funding of \$1.5 million has been allocated for implementation of new curriculum in September for mathematics, language arts and religious education. In addition, I am announcing that \$1 million is provided over two years for accelerated development and implementation of a new Newfoundland and Labrador history course. In technology support, funding of

\$725,000 has been allocated for the purchase of new graphing calculators for all high schools to assist in implementing a new mathematics curriculum.

### *School Board Grants*

Government is allowing school boards to retain savings from school closures for three years. For some boards, who are now past the three years, government was entitled to deduct \$2.7 million this year from their grants. Instead, government has decided to reinvest this amount in the education system. Also, for the second year, government has decided not to reduce school board grants as a result of enrolment decline, allowing \$600,000 over the two years to be retained in the system. In total, as a result of school closures and enrolment decline, school boards have been able to retain \$7.6 million that otherwise would have been withdrawn from the education system.

### *Student Assistants*

Government will also continue to respond to the special education needs of our children. This year, more than \$9 million is provided for student assistants to maintain the current level of service. We are listening to the concerns of parents. Assistants will now be assigned for terms of up to three years to better meet the long-term needs of students.

### *Investing in School Buildings*

Mr. Speaker, in 1998 government embarked on the most significant school construction and redevelopment program undertaken since Confederation, a \$125 million initiative to be substantially completed by September 2001. To date, seven new schools have been constructed, including three on the northern Labrador coast in Nain, Hopedale

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and Rigolet. Under this initiative, some \$38 million will be spent this year on 11 new school construction projects.

An additional \$12 million over three years is being allocated to address priority repairs and maintenance for existing schools, with the principal focus being on roof repairs and air quality initiatives.

### Post Secondary System

#### *Extending the Tuition Freeze*

Mr. Speaker, last year government announced a two year tuition freeze for post secondary students attending public institutions. Today I am announcing that, through the cooperation and participation of Memorial University and the College of the North Atlantic, agreement has been reached to extend this freeze for an additional year. This means the freeze will be in place for the coming two academic years. The cost to government over the three years will be \$36 million in increased grants to these institutions. This initiative will help maintain the affordability of public post secondary education and provide a measure of relief to the level of student debt.

#### *MUN Opportunity Fund*

This budget also provides \$3 million to the MUN Opportunity Fund, bringing government's total contribution to date to \$18.3 million. Government's total commitment to this fund is \$29 million, matching other collections by Memorial on a dollar for dollar basis. It is particularly noteworthy that about \$15 million of this fund will be allocated to increase scholarships for students.

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*Investing in Facilities*

To relocate the Medical Science Program of the College of the North Atlantic from Topsail Road to a new facility to be built as an extension to the Prince Philip Drive campus, \$6 million has been allocated over two years, the first \$3 million this year. A further \$500,000 has been provided to purchase new equipment for the Program. We are also providing \$2.1 million to refurbish and upgrade the exterior of Grenfell College in Corner Brook.

*Literacy Initiatives**Literacy Endowment*

Mr. Speaker, government has consulted with stakeholders and is about to release its Strategic Literacy Plan. Government is contributing \$1 million, to be matched by the National Literacy Secretariat of the federal government, to create a \$2 million Literacy Endowment Fund. The fund will be managed by the Literacy Development Council of Newfoundland and Labrador. The interest earned on the fund will be used for literacy initiatives based on the Strategic Literacy Plan. These monies are in addition to the \$500,000 allocated by government last year to commence implementation of the Plan.

*Reading Materials for Libraries*

To ensure there is a good supply of current reading materials available through our public library system, government has provided a special \$1 million allocation for the purchase of new library books. This is in addition to their normal annual funding of some \$500,000.



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**Helping Those Most in Need****Strategic Social Plan**

Mr. Speaker, implementation of the Strategic Social Plan began in 1999. Currently, two regional steering committees are operating. Within the next several months, the Plan will be set in motion in all other parts of the Province. I am pleased to announce that government has allocated \$2 million again this year for Strategic Social Plan initiatives.

**Support and Employment Opportunities for More Families**

We recognize that employment is the link between social and economic development. This is a central theme of the Strategic Social Plan and a recurring message in the recent Jobs and Growth consultations. We offer programs that help people in the transition to employment while ensuring supports for those who are unable to work. This year \$12.8 million is provided for employment programs.

***Social Assistance Rate Increase***

In 1998, we undertook to increase social assistance rates by 7% over three years. As part of this commitment, this budget provides for a 2% social assistance rate increase this year.

***NewfoundJOBS***

Last year we implemented a provincial employment program, NewfoundJOBS, which helps social assistance clients find long term employment. This year, the program will receive an additional \$1 million, a 50% increase in funding.

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*Single Parent Employment Support Program*

We have also implemented a successful project, in partnership with the Single Parent Association of Newfoundland, to assist single parents on social assistance increase their employability skills. Almost 65% of participants are now employed. The project will receive funding of \$500,000 again this year to assist another 150 single parents.

*Employability Assistance for People with Disabilities*

The Employability Assistance for People with Disabilities Agreement is valued at \$8.2 million annually, cost shared 50/50 with the federal government. As a result of consultations arranged by the Coalition of People with Disabilities, a report will be released in May that will help guide the future direction of the assistance programs.

To help persons with disabilities enter the workforce, \$500,000 is provided for the employment support services program. To give individuals with a disability the opportunity for employment and work experience in the public service, \$500,000 is provided, cost-shared with the federal government, for the Opening Doors Program.

*Children & Youth*

Mr. Speaker, this budget contains a number of initiatives directed at the needs of children and youth. The recent Jobs and Growth consultations highlighted the crucial role the youth of today will play in shaping the future economic success of the Province. To contribute to this success, this budget provides \$7.5 million for youth employment.



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*Youth Employment*

To help 1,500 post secondary students find cooperative work placements and to help young people get their first job and gain work experience, \$5.5 million is provided this year.

*Student Work and Services Program*

Our award winning Student Work and Services Program will provide \$2 million again this year to create employment for post-secondary students. The program will create about 2,000 jobs for students, including 500 through partnership with MUN and the College of the North Atlantic.

*School Children's Food Foundation*

An additional \$1 million has been allocated as an endowment to the School Children's Food Foundation and recognizes the valuable contribution this organization makes to the well being of many children in our schools.

*Youth Service Grants*

An additional \$100,000 has been provided for Youth Service Grants, in recognition of the contribution youth organizations make to the development of our young people, bringing the total allocation this year to \$600,000.

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*Supporting Sport*

We also recognize the dedication and hard work of provincial sport organizations and the contribution their volunteers make to recreational programs. To assist in these very worthwhile endeavours, I am pleased to announce that we are increasing our financial support to these organizations this year. Funding will increase by two thirds from \$300,000 to \$500,000 annually.

Mr. Speaker, the Labrador Winter Games which concluded just last week were a huge success, and the people of Labrador need to know now that government will continue to support these friendship games. We are committing \$500,000 today to the next Labrador Winter Games in 2003. This will ensure organizers can commence planning for the next games and will benefit from any interest that may accrue on this contribution in the interim.

*Local Government**Debt Relief Program*

Mr. Speaker, over the last three years, through the Debt Relief Program, government has assisted many municipalities experiencing financial difficulty. This year government is committing another \$5 million to the program, bringing our total commitment over four years to \$22 million.

*Financial Support for Municipalities*

In total, the Province will spend some \$92 million this year in support of local government. Two thirds of this amount will go to pay the debt charges associated with

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existing municipal infrastructure. In addition, the Province also makes a substantial contribution to the general operating costs of municipal governments. Although Municipal Operating Grants were scheduled to decline, the Province increased their level to \$21.5 million last year. This provides municipalities with \$9 million more this year than they otherwise would have received.

## **FOR THE WELL BEING OF OUR INFRASTRUCTURE**

### **Local Government**

#### ***Municipal Capital Works Program***

Mr. Speaker, in recognition of the significant challenges municipalities face in providing infrastructure for water and sewer, waste management facilities and roads, \$20 million will be provided again this year under the Municipal Capital Works Program. This cost shared program leverages the investment to about \$35 million a year. On average, this funding will allow about 100 municipalities to undertake about 140 projects.

The multi-year component of the Municipal Capital Works Program, introduced last year, is providing \$106.4 million to larger communities to allow for comprehensive multi-year infrastructure development. Cost shared on a 50/50 basis, the multi-year component resulted in 26 projects being approved in 10 municipalities.

#### ***Disaster Relief***

A number of communities along the south and southwest coasts experienced significant damage to infrastructure and personal property as a result of a tidal surge in late January. The Province has been working to access funding under the Federal Disaster

Assistance Arrangement. Mr. Speaker, I am pleased to announce that \$4.3 million has been provided to begin the process of restoring infrastructure in these communities.

#### Environmental Initiatives

To enhance environmental protection services, \$495,000 has been allocated in this budget. An issue that has raised concern in some municipalities is the level of trihalomethanes, or THMs, in drinking water. From the new funding, \$245,000 has been allotted for increased water sampling, to conduct training sessions for municipal personnel and for consultations with individual communities on THM solutions.

Environmental remediation, including PCB removal from several sites for destruction on the mainland, will be undertaken again this year at a cost of \$800,000. In addition, \$4.5 million is provided to commence work this summer on the environmental reclamation of the former Hope Brook mine site. New legislation has been passed to ensure that mining companies will have to fulfill their obligation for the environmental clean up of mine sites in the future.

#### Roads and Transportation

Last year, the Province had the largest highway construction program since Confederation with an investment of \$118 million. Mr. Speaker, this year that record will be surpassed. We are announcing today a highway and road construction program for this year with a record investment of \$132.5 million. Since 1996 we have committed \$522.2 million to highway and road construction.

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*Trans Labrador Highway*

Phase 2 of the Trans Labrador Highway, the road from Red Bay to Cartwright, will continue this year at a cost of \$56 million, bringing the total investment to date to \$141.5 million. When completed in 2004, this project will represent by far the largest investment in road construction ever undertaken in Labrador.

The Committee on Future Transportation Needs in Southeastern Labrador will receive funding of \$30,000 from the Labrador Transportation Initiative. The committee, looking at southern Labrador's marine, air and road transportation requirements, will hold meetings over the next several weeks to get public input.

*Highway Depots*

An additional \$1.5 million has been allocated for the construction of two new highway depots in Labrador, at the halfway points between Goose Bay and Churchill Falls, and between Labrador City and Churchill Falls.

*Trans Canada Highway and Provincial Roads*

This year \$56 million will be spent to improve the Trans Canada Highway and regional trunk roads. Government will also be spending \$16 million on upgrading and rebuilding our provincial highways this year, matching the amount spent last year.

*Ferry Service*

Equally important to roads and highways in many parts of the Province is the ferry service. An additional \$2.3 million has been allocated for ferry vessel modification and

repairs, including \$1.3 million for a recently acquired vessel undergoing refit which will begin service in the Fall of 2000.

Ferry wharves are also being upgraded. The reconstruction of the Bell Island wharf will commence this year at a cost of \$1 million. In addition, work will be carried out on the wharves in Ramea and South East Bight at a cost of \$250,000. From the \$3.3 million budgeted for ferry terminals, the new mainland terminal for the Fogo/Change Islands Ferry Service at Farewell will be completed.

### **FOR THE PROSPERITY OF OUR ECONOMY**

Mr. Speaker, prudent fiscal management, quality social programs and modern infrastructure will not sustain this Province unless our economy is vibrant, growing and forward looking. Government recognizes that small business is a primary engine of economic growth in the Province. The small business sector accounts for over one third of all paid employment. This sector is creating new jobs at a rate faster than any other, accounting for about 95% of all net new job creation in the Province. Measures I am announcing today will contribute to sustaining this record and to the continuing growth of this important sector of the economy.

### **Renewal Strategy for Jobs and Growth**

Creating the conditions that will allow Newfoundlanders and Labradorians to capitalize on their economic opportunities is an integral part of this government's plan for the future. The recently completed Jobs and Growth consultations showed stakeholders are supportive of government's overall efforts and direction. Several measures we are announcing today respond to the consultations. As well, we are releasing an interim



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report on the major themes that emerged from the consultation process and the priorities for action that government intends to pursue immediately.

*Seed Capital Equity Program*

Concern was expressed throughout the consultations about the lack of access by small business to sources of capital. I am pleased to announce a new Seed Capital Equity Program with funding of \$2 million. This program will make up to \$50,000 available, on a matching basis, to new entrepreneurs or existing small businesses seeking expansion opportunities in emerging areas of the economy offering significant growth potential.

*Venture Capital Tax Credit Program*

Government also intends to introduce a venture capital tax credit program. This program will provide investors with a tax incentive to invest in local businesses. Details will be announced this year following consultations with the business community and other stakeholders.

*Business and Market Development Program*

A new Business and Market Development Program is being established with an allocation of \$500,000. The program will provide new entrepreneurs or expanding small businesses with access to funding, on a matching basis, to help them acquire the necessary business expertise to pursue new business ideas and markets for their products or services.

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## Tax Climate

Mr. Speaker, having a competitive tax climate was emphasized throughout the Jobs and Growth consultations as an important element of government's plan to encourage economic growth. Government is prepared to make changes to the tax system to create a more positive business climate. In 1997, this government cut taxes by \$105 million with the implementation of the HST and eliminated sales tax from the operating costs of businesses. Last November, government announced that personal income tax would be cut by \$175 million over three years, commencing with a \$42 million cut for the 2000 tax year. In both the 1998 and 1999 budgets, government cut the payroll tax by increasing the exempt threshold.

The Premier's Advisory Council on the Economy and Technology recommended in their report on the tax system that the corporate income tax rate for companies operating in the manufacturing and processing sector be increased from the current rate of 5% to 14%. Mr. Speaker, government has given careful consideration to this recommendation and has listened carefully to the business community during the Jobs and Growth consultations. We believe it is more important, at this time, to maintain the competitive advantage of businesses in this sector. Therefore, I am pleased to announce that there are no increases in corporate income tax rates in this Budget.

### *Payroll Tax Reduction*

Mr. Speaker, I am also very pleased to announce today that this year government is cutting the payroll tax for a third consecutive year. The payroll tax threshold has been increased from \$100,000 to \$150,000 over the past two budgets, reducing the payroll tax burden by \$2.5 million annually. The threshold will be further increased this year



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from \$150,000 to \$400,000. In the last two years, the threshold was increased by \$50,000. This year we have raised it by another \$250,000.

This measure will remove approximately 1,300 small businesses from the tax roll and lower the tax burden for all others. Over the past three years, 1,825 small businesses have been completely removed from the tax roll.

The 1% tax rate for renewable resource industries will be equalized at the general rate of 2%. The net impact of the changes announced this year will reduce the payroll tax by a further \$4.1 million annually. These measures are consistent with recommendations contained in the Advisory Council's report and the messages received during the Jobs and Growth consultations.

Payroll tax reductions since 1998 will put \$6.6 million annually back into the hands of employers, including many small businesses. Government remains committed to further reductions in the payroll tax as fiscal conditions permit.

### **Rural Revitalization**

Mr. Speaker, a special emphasis has always been placed by this government on rural revitalization. This budget commits \$40.3 million in new funding for small business and regional economic development under the \$81 million three year post-Tags economic development program and other cost shared agreements.

The Collective Enterprise Development Program provides micro-loans ranging from \$500 to \$5,000, as well as counselling services, to very small businesses and self-employed entrepreneurs. The program will be expanded over the next two years through a new investment of almost \$500,000.

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A \$10 million investment in 15 Community Business Development Corporations across the Province will provide risk capital for small to medium sized businesses in communities affected by the collapse of the groundfish industry.

An initial investment of \$500,000 also is being made to establish a network of Single Window Business Service Centres in each of the 20 economic zones to provide more accessible and streamlined services to the small business sector.

### **Fisheries and Aquaculture**

Mr. Speaker, one of the success stories of our economy continues to be the emergence of the new fishery and the growing aquaculture sector.

#### *Fisheries Diversification Program*

The Fisheries Diversification Program is a major catalyst for the rejuvenation of the fishery. This has been accomplished through investments in developing new fisheries, new products and new markets. This year, \$1.2 million is allocated to the program as part of the \$10 million federal-provincial Economic Development Component of the post-Tags initiative.

#### *Quality Assurance Initiatives*

A major factor in the recent success of the fishery has been the emphasis on quality control. An additional \$250,000 is being invested in quality assurance initiatives to permit increases in fish inspection quality, enforcement and awareness activities.

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***Fisheries Infrastructure***

Improving existing infrastructure is essential to the diversification of our fishing industry. An additional \$150,000 has been allocated for the maintenance and repair of community based fisheries infrastructure through the Special Assistance Grants Program and the Infrastructure Maintenance and Repair Program.

**Mining*****Mineral Exploration Program***

To attract the investment necessary for mineral exploration and to support our growing junior mining sector, government announced last year a three year \$6 million Mineral Exploration Program, to be matched by at least another \$6 million from industry, for a total investment in mineral exploration of \$12 million.

The program is now being extended for an additional two years. Funding for the program will also be increased by \$250,000 a year. This will bring the Province's contribution to \$11 million over five years, and with the matching funds from industry, will see at least \$22 million invested in the mining sector, an increase of \$10 million over last year.

**Tourism**

Mr. Speaker, tourism continues to be a major success story for the provincial economy. With the success of the Cabot 500 celebration, the Canada Winter Games and Soiree 99, tourism is up over 30% since 1996.

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*Vikings! 1000*

To help ensure tourism meets our ambitious growth targets, government is providing an additional \$500,000 for the Vikings! 1000 Years celebration. A travelling entertainment showcase will accompany a Viking longship as she makes her way around the Province this summer to 10 ports of call. This is in addition to \$3.8 million already provided for planning, events and marketing for the Vikings! 1000 Years celebration.

**Cultural Industries***Newfoundland & Labrador Arts Council*

Funding for the Newfoundland & Labrador Arts Council will be increased in this budget by \$250,000, or over 50%. The cultural sector creates 7,500 direct and indirect jobs and generates \$200 million in revenue each year. Arts Council grants play a key role in initiating much of the activity in this sector. The increased funding will allow the Arts Council to give a greater number of grants, as well as more substantial grants to individual recipients.

**NORTHERN COASTAL LABRADOR STRATEGIC INITIATIVE**

Mr. Speaker, nowhere is the need to address the level of public services more acute than on the northern coast of Labrador. Here the factors of isolation and harsh climate combine with insufficient employment opportunities and high costs to make things like water and sewer, adequate housing, good roads and police protection, seem almost unimaginable luxuries for many of the residents. Because not enough has been done in the past to ensure these communities have the public services most of us take for granted, government must act now.

As a result of an interim agreement on self government, the Innu communities of Davis Inlet and Sheshatshiu will see more funding flowing into public services. When completed, the new community of Sango Bay will provide modern new facilities and infrastructure to residents of Davis Inlet. However, there is no similar agreement for the five communities with large Inuit populations, Nain, Hopedale, Rigolet, Makkovik and Postville, although housing conditions are the worst in the Province and other services clearly deficient. Good work is being done to upgrade housing in these communities by the Torngat Regional Housing Co-operative and the Newfoundland and Labrador Housing Corporation. The problem lies in that the pace of this work falls behind the needs that have been identified.

Mr. Speaker, to bring about improvements, we are announcing today the Northern Coastal Labrador Strategic Initiative. Under this initiative, government will provide \$23 million over three years for housing and infrastructure enhancement in these towns, consisting of aboriginal housing, water and sewer servicing and road upgrading. Other components of this initiative will repair community wharves and address policing issues.

#### *Addressing Housing Needs*

In aboriginal housing, there is an anticipated shortfall in housing construction and renovation, with an extra 65 new homes and 120 renovations needed over the next three years. Government will provide the necessary \$7.7 million in funding through the Newfoundland and Labrador Housing Corporation to address these extra needs. It is anticipated that between NLHC and the Torngat Regional Housing Co-operative that as many as 125 new homes and 280 upgrades could be completed over the next three years.

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*Water and Sewer*

The number of serviced building lots will have to be increased in the five communities to meet existing need and the requirements for new homes. Funding of \$9 million will be made available, \$3 million annually over the next three years, under the cost shared Inuit Communities Agreement to address this need. All existing dwellings will be serviced with water and sewer, as well as the additional new housing construction.

*Community Roads*

These communities all have gravel roads in generally poor condition. The Combined Councils of Labrador have been lobbying to have these roads upgraded. This budget provides \$6 million over the next two years through the cost-shared Labrador Transportation Initiative to provide the five communities with basic road upgrading, drainage and surfacing with crushed stone. This year \$3 million will be spent at Nain and Makkovik.

*Community Wharves*

In addition, to repair community wharves in Postville and Hopedale \$280,000 is provided.

*Policing Enhancements*

Government and the RCMP are proposing to implement an enhanced police presence in Rigolet, Postville and Makkovik. Under the proposal, an RCMP officer would be posted in each of Rigolet and Makkovik to work with two special constables. Postville



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will be policed from Makkovik. Government is also negotiating the re-establishment of an RCMP community policing office in Cartwright.

Government will be partnering with the Labrador Inuit Association, the communities and the Torngat Regional Housing Co-operative in the development and delivery of these initiatives.

Mr. Speaker, I want to recognize the hard work and tireless dedication of the honourable member for Torngat Mountains, whose efforts on behalf of his constituents are in large measure responsible for these significant investments.

Several other initiatives are being undertaken this year which will have wide ranging benefits throughout Labrador, including the completion of the new Melville health centre and work on the next phase of the Trans Labrador Highway. Government will be closely monitoring the situation in Labrador, particularly on the northern coast.

## **FOR THE VITALITY OF NEWFOUNDLAND AND LABRADOR**

Mr. Speaker, this budget does many things. It provides an overview of an economy showing great opportunity today and in the future. It demonstrates that firm fiscal resolve has rewarded us with sound fiscal performance. It shows that prudent fiscal management generates the fiscal flexibility to allow us to strategically invest in priority social programs and public services. It outlines our record of acting on the priorities of Newfoundlanders and Labradorians.

The number one priority of this budget and this government is health care. This has been amply demonstrated today. We have also taken action to enhance our education system and to help those most in need. We are refining our vision for sustaining

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economic growth in partnership with all stakeholders. This is truly a time of great promise for this Province. It is up to us, all of us, to work together, for the health of our people, for the health of our economy, and for the future of Newfoundland and Labrador.





# BUDGET 2000

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**STATEMENT I**  
**NEWFOUNDLAND AND LABRADOR**  
**SUMMARY OF BORROWING REQUIREMENTS**  
**2000-01 and 1999-00 (Revised)**

	<u>2000-01 Estimates</u>		<u>1999-00 Revised</u>	
	(\$000)	(\$000)	(\$000)	(\$000)
<b>BUDGETARY REQUIREMENTS</b>				
Current Account:				
Gross Expenditure . . . . .	3,447,075		3,297,232	
Related Revenues. . . . .	<u>402,114</u>		<u>226,909</u>	
Net Expenditure . . . . .	3,044,961		3,070,323	
Provincial and Federal Revenues. . . . .	<u>3,146,177</u>		<u>3,203,837</u>	
Financial Contribution . . . . .		(101,216)		(133,514)
Capital Account:				
Gross Expenditure . . . . .	261,897		299,725	
Related Revenues. . . . .	<u>155,990</u>		<u>133,392</u>	
Net Expenditure . . . . .		105,907		166,333
Other:				
Contingency Reserve. . . . .		<u>30,000</u>		<u>-</u>
<b>TOTAL BUDGETARY REQUIREMENTS . . . . .</b>		<u><b>34,691</b></u>		<u><b>32,819</b></u>
<b>NON-BUDGETARY TRANSACTIONS</b>				
Debt Retirement:				
Redemptions (See Appendix II) . . . . .	139,901		71,128	
Contributions to Sinking Funds (See Appendix II) . . . . .	50,962		49,305	
Wind Up of Voluntary Sinking Funds . . . . .	<u>(56,975)</u>		<u>-</u>	
Total Debt Retirement. . . . .		133,888		120,433
Retirement of Pension Liabilities . . . . .		<u>116,000</u>		<u>206,000</u>
<b>TOTAL NON-BUDGETARY TRANSACTIONS . . . . .</b>		<u><b>249,888</b></u>		<u><b>326,433</b></u>
<b>TOTAL BORROWING REQUIREMENTS . . . . .</b>		<u><u><b>284,579</b></u></u>		<u><u><b>359,252</b></u></u>

**STATEMENT II**  
**COMPARATIVE SUMMARY OF CURRENT AND RELATED REVENUES**  
**2000-01 and 1999-00 Revised**

	2000-01 Estimates	1999-00 Revised
	(\$000)	(\$000)
<b>PROVINCIAL:</b>		
Taxation:		
Personal Income Tax . . . . .	555,900	604,975
Sales Tax . . . . .	462,300	467,164
Gasoline Tax . . . . .	128,000	125,500
Payroll Tax . . . . .	71,000	71,700
Tobacco Tax . . . . .	67,500	65,100
Corporate Income Tax . . . . .	85,000	83,385
Natural Resources Taxes and Royalties . . . . .	44,800	36,000
Other . . . . .	33,215	32,215
	<u>1,447,715</u>	<u>1,486,039</u>
General Revenues:		
Newfoundland Liquor Corporation . . . . .	100,000	96,000
Lottery Revenues . . . . .	99,300	99,300
Vehicle and Driver Licences . . . . .	52,000	52,000
Registry of Deeds, Companies and Securities . . . . .	12,350	12,350
Fines and Forfeitures . . . . .	5,085	5,280
Other . . . . .	27,800	26,985
	<u>296,615</u>	<u>291,915</u>
Expenditure Programs - Related Revenues:		
Recoveries - Sinking Fund Surpluses . . . . .	116,004	10,396
Interest Income . . . . .	6,476	5,960
Other . . . . .	207,056	145,003
	<u>329,536</u>	<u>161,359</u>
<b>TOTAL: PROVINCIAL REVENUES . . . . .</b>	<u><b>2,073,866</b></u>	<u><b>1,939,313</b></u>
<b>GOVERNMENT OF CANADA:</b>		
Fiscal Transfer Payments:		
Equalization Payments . . . . .	1,030,500	1,070,920
Canada Health and Social Transfer (CHST) . . . . .	338,593	290,209
Sales Tax Transitional Assistance . . . . .	31,000	63,000
Statutory Subsidies . . . . .	1,754	1,754
	<u>1,401,847</u>	<u>1,425,883</u>
Cost Shared Programs:		
Resource . . . . .	14,064	13,484
Offshore Fund . . . . .	5,460	2,773
Human Resources Development . . . . .	18,500	14,799
Native Peoples . . . . .	6,446	6,879
Other . . . . .	28,108	27,615
	<u>72,578</u>	<u>65,550</u>
<b>TOTAL: GOVERNMENT OF CANADA REVENUES . . . . .</b>	<u><b>1,474,425</b></u>	<u><b>1,491,433</b></u>
<b>TOTAL: CURRENT AND RELATED REVENUES . . . . .</b>	<u><b>3,548,291</b></u>	<u><b>3,430,746</b></u>

**STATEMENT III**  
**SUMMARY OF CURRENT AND CAPITAL ACCOUNT EXPENDITURES**  
**2000-01 and 1999-00 Revised**

		2000-01		1999-00
	Gross	Related	Net	Revised
	Expenditure	Revenue	Expenditure	(Net)
	\$	\$	\$	\$
<b>General Government Sector</b>				
Consolidated Fund Services . . . . .	611,709,400	155,146,300	456,563,100	562,660,300
Executive Council . . . . .	29,844,400	1,623,700	28,220,700	25,843,100
Finance . . . . .	47,471,200	123,007,300	(75,536,100)	(21,575,200)
Government Services and Lands . . . . .	26,079,500	3,688,600	22,390,900	19,988,000
Legislature . . . . .	11,342,500	157,800	11,184,700	10,821,000
Public Service Commission . . . . .	2,282,200	-	2,282,200	1,721,800
Works, Services and Transportation . . . . .	308,979,400	153,400,000	155,579,400	151,757,300
<b>Resource Sector</b>				
Development and Rural Renewal . . . . .	34,703,300	14,982,900	19,720,400	10,808,000
Environment and Labour . . . . .	12,336,300	5,430,800	6,905,500	5,538,300
Fisheries and Aquaculture . . . . .	13,219,500	3,412,600	9,806,900	5,605,400
Forest Resources and Agrifoods . . . . .	45,718,500	6,212,300	39,506,200	43,380,900
Industry, Trade and Technology . . . . .	18,493,600	5,505	12,988,500	11,551,200
Mines and Energy . . . . .	18,194,600	1,124,800	17,069,800	12,615,700
Tourism, Culture and Recreation . . . . .	25,488,600	1,684,100	23,804,500	23,288,300
<b>Social Sector</b>				
Education . . . . .	722,086,300	29,980,700	692,105,600	690,449,900
Health and Community Services . . . . .	1,265,611,600	21,446,400	1,244,165,200	1,212,387,700
Human Resources and Employment . . . . .	281,209,500	15,435,900	265,773,600	257,276,000
Justice . . . . .	123,147,800	9,797,100	113,350,700	108,534,300
Municipal and Provincial Affairs . . . . .	104,653,700	6,067,200	98,586,500	102,003,000
Newfoundland and Labrador Housing Corporation . . . . .	6,400,000	-	6,400,000	2,000,000
<b>TOTAL</b> . . . . .	<u>3,708,971,900</u>	<u>558,103,600</u>	<u>3,150,868,300</u>	<u>3,236,655,000</u>

**AMOUNT TO BE VOTED 2000-01**

Gross Current and Capital Expenditure . . . . .		3,708,971,900
Contingency Reserve . . . . .		30,000,000
Less: Expenditures Approved by Statute:		
Interest . . . . .	536,741,100	
Pensions and Gratuities . . . . .	55,506,900	
Debt Management Expenses . . . . .	3,672,800	
Issues under Guarantee . . . . .	500,000	
Salaries (Auditor General and Comptroller General) . . . . .	184,600	596,605,400
Amount to be Voted by Supply Bill . . . . .		<u>3,142,366,500</u>

**STATEMENT IV**  
**SUMMARY OF CURRENT ACCOUNT EXPENDITURES**  
**2000-01 and 1999-00 Revised**

		2000-01		1999-00
	Gross	Related	Net	Revised
	Expenditure	Revenue	Expenditure	(Net)
	(\$000)	(\$000)	(\$000)	(\$000)
<b>General Government Sector</b>				
Consolidated Fund Services . . . . .	611,120	141,905	469,215	551,107
Executive Council . . . . .	29,844	1,624	28,220	25,843
Finance . . . . .	47,471	123,007	(75,536)	(29,635)
Government Services and Lands . . . . .	25,683	2,439	23,244	21,041
Legislature . . . . .	11,343	158	11,185	10,821
Public Service Commission . . . . .	2,282	-	2,282	1,722
Works, Services and Transportation . . . . .	152,027	28,875	123,152	120,476
<b>Resource Sector</b>				
Development and Rural Renewal . . . . .	28,388	8,183	20,205	13,909
Environment and Labour . . . . .	12,336	5,431	6,905	5,538
Fisheries and Aquaculture . . . . .	13,069	3,412	9,657	6,755
Forest Resources and Agrifoods . . . . .	43,418	6,212	37,206	41,081
Industry, Trade and Technology . . . . .	18,493	5,505	12,988	11,549
Mines and Energy . . . . .	18,195	1,125	17,070	12,616
Tourism, Culture and Recreation . . . . .	24,166	1,625	22,541	21,302
<b>Social Sector</b>				
Education . . . . .	712,201	28,032	684,169	679,378
Health and Community Services . . . . .	1,230,744	18,446	1,212,298	1,147,112
Human Resources and Employment . . . . .	281,210	15,436	265,774	257,276
Justice . . . . .	119,903	9,797	110,106	107,834
Municipal and Provincial Affairs . . . . .	58,782	902	57,880	62,598
Newfoundland and Labrador Housing Corporation . . . . .	6,400	-	6,400	2,000
<b>TOTAL . . . . .</b>	<b>3,447,075</b>	<b>402,114</b>	<b>3,044,961</b>	<b>3,070,323</b>

**STATEMENT V**  
**SUMMARY OF CAPITAL ACCOUNT EXPENDITURES**  
**2000-01 and 1999-00 Revised**

		2000-01		1999-00
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	(\$000)	(\$000)	(\$000)	(\$000)
<b>General Government Sector</b>				
Consolidated Fund Services . . . . .	589	13,241	(12,652)	11,554
Finance . . . . .	-	-	-	8,060
Government Services and Lands . . . . .	397	1,250	(853)	(1,053)
Works, Services and Transportation . . . . .	156,952	124,525	32,427	31,281
<b>Resource Sector</b>				
Development and Rural Renewal . . . . .	6,316	6,800	(484)	(3,101)
Fisheries and Aquaculture . . . . .	150	-	150	(1,150)
Forest Resources and Agrifoods . . . . .	2,300	-	2,300	2,300
Industry, Trade and Technology . . . . .	-	-	-	2
Tourism, Culture and Recreation . . . . .	1,323	60	1,263	1,987
<b>Social Sector</b>				
Education . . . . .	9,886	1,949	7,937	11,072
Health and Community Services . . . . .	34,867	3,000	31,867	65,276
Justice . . . . .	3,245	-	3,245	700
Municipal and Provincial Affairs . . . . .	45,872	5,165	40,707	39,405
<b>TOTAL</b> . . . . .	<u>261,897</u>	<u>155,990</u>	<u>105,907</u>	<u>166,333</u>

**Note:** For details refer to Exhibit XIII.



**STATEMENT VI**  
**SUMMARY OF RELATED REVENUES AND EXPENDITURES**  
**BY MAIN OBJECT AND SECTOR**  
**2000-01 and 1999-00 Revised**

	General Government Sector 2000/01 (\$000)	Resource Sector 2000/01 (\$000)	Social Sector 2000/01 (\$000)	Total 2000/01 (\$000)	% of 2000/01 Total %	Total 1999/00 Revised (\$000)
<b>Current:</b>						
Salaries . . . . .	110,140	58,649	103,973	272,762	7.91	260,530
Employee Benefits . . . . .	104,819	609	1,062	106,490	3.09	97,680
Transportation and Communications . . . . .	11,329	12,434	11,707	35,470	1.03	34,440
Supplies . . . . .	30,139	4,763	10,603	45,505	1.32	47,932
Professional Services . . . . .	5,918	5,719	179,548	191,185	5.55	56,556
Purchased Services . . . . .	57,599	23,992	17,962	99,553	2.89	85,530
Property, Furnishings and Equipment . . . . .	516	1,534	1,137	3,187	0.09	3,778
Allowances and Assistance . . . . .	4,877	86	341,014	345,977	10.04	318,997
Grants and Subsidies . . . . .	5,180	47,538	1,705,759	1,758,477	51.01	1,823,264
Debt Expenses . . . . .	537,533	-	27,401	564,934	16.39	543,484
Information Technology . . . . .	11,720	2,741	9,074	23,535	0.68	25,041
<b>Gross Current Expenditure . . . . .</b>	<b>879,770</b>	<b>158,065</b>	<b>2,409,240</b>	<b>3,447,075</b>	<b>100.00</b>	<b>3,297,232</b>
Federal Revenue Sources . . . . .	(1,508)	(19,670)	(51,399)	(72,577)	18.05	(65,550)
Provincial Revenue Sources . . . . .	(296,500)	(11,823)	(21,214)	(329,537)	81.95	(161,359)
<b>Total Current Related Revenues . . . . .</b>	<b>(298,008)</b>	<b>(31,493)</b>	<b>(72,613)</b>	<b>(402,114)</b>	<b>100.00</b>	<b>(226,909)</b>
<b>Net Current Expenditure . . . . .</b>	<b>581,762</b>	<b>126,572</b>	<b>2,336,627</b>	<b>3,044,961</b>		<b>3,070,323</b>
<b>Capital:</b>						
Salaries . . . . .	9,921	106	96	10,123	3.86	10,459
Employee Benefits . . . . .	-	-	1	1	0.00	1
Transportation and Communications . . . . .	3,040	25	17	3,082	1.18	3,195
Supplies . . . . .	1,549	5	1	1,555	0.59	1,599
Professional Services . . . . .	3,905	60	648	4,613	1.76	4,562
Purchased Services . . . . .	159,128	2,229	5,565	166,922	63.74	152,843
Property, Furnishings and Equipment . . . . .	10,410	490	11,726	22,626	8.64	34,777
Loans, Advances and Investments . . . . .	500	3,122	150	3,772	1.44	18,732
Grants and Subsidies . . . . .	300	3,452	6,110	9,862	3.77	34,358
Debt Expenses . . . . .	1,070	-	38,271	39,341	15.02	39,199
Expenditure by Sector Before Recharges . . . . .	189,823	9,489	62,585	261,897	100.00	299,725
Voted in Other Departments and Divisions . . . . .	9,198	600	31,285	41,083		40,698
Recharged to Other Departments and Divisions . . . . .	(41,083)	-	-	(41,083)		(40,698)
<b>Gross Capital Expenditure . . . . .</b>	<b>157,938</b>	<b>10,089</b>	<b>93,870</b>	<b>261,897</b>		<b>299,725</b>
Federal Revenue Sources . . . . .	(58,300)	(60)	(7,114)	(65,474)	41.97	(70,095)
Provincial Revenue Sources . . . . .	(80,716)	(6,800)	(3,000)	(90,516)	58.03	(63,297)
<b>Total Capital Related Revenues . . . . .</b>	<b>(139,016)</b>	<b>(6,860)</b>	<b>(10,114)</b>	<b>(155,990)</b>	<b>100.00</b>	<b>(133,392)</b>
<b>Net Capital Expenditure . . . . .</b>	<b>18,922</b>	<b>3,229</b>	<b>83,756</b>	<b>105,907</b>		<b>166,333</b>
<b>Total Net Expenditure . . . . .</b>	<b>600,684</b>	<b>129,801</b>	<b>2,420,383</b>	<b>3,150,868</b>		<b>3,236,655</b>

**EXHIBIT I**  
**SELECTED ECONOMIC STATISTICS**  
**1996 to 1999**

	1999	% Change	1998	% Change	1997	% Change	1996
Population as of July 1 (000's) . . . . .	541.0	-0.8	545.4	-1.6	554.1	-1.2	560.6
Gross Domestic Product at Market Prices (\$ Millions). .	11,638*	7.1	10,871*	6.3	10,231*	-1.9	10,429
Total Personal Income (\$ Millions). . . . .	10,490*	4.3	10,054	1.5	9,910	0.3	9,879
Per Capita Personal Income (\$). . . . .	19,390*	5.2	18,434	3.1	17,886	1.5	17,623
Labour Force, Annual Average (000's) . . . . .	246.7	4.1	237.0	1.9	232.5	0.3	231.7
Employment, Annual Average (000's) . . . . .	204.9	5.5	194.2	2.6	189.3	1.2	187.0
Unemployment Rate, Annual Average (%). . . . .	16.9	-6.1	18.0	-3.2	18.6	-3.6	19.3
Wages and Salaries (\$ Millions) . . . . .	4,964	3.9	4,779	2.5	4,663	-0.7	4,696
Consumer Price Index(1992=100) . . . . .	110.0	1.5	108.4	0.2	108.2	2.1	106.0
Total Volume of Fish Landings (000's of Metric Tonnes) . . . . .	258.0	3.6	249.0	20.9	206.0	13.8	181.0
Total Value of Fish Landings (\$ Millions) . . . . .	518.0	34.9	384.0	24.3	309.0	17.0	264.0
Newsprint Shipments (Thousands of Metric Tonnes) . .	722.2	26.7	569.8	-23.1	740.9	3.8	713.7
Iron Ore Shipments (Millions of Metric Tonnes). . . .	19.1	-11.6	21.6	-0.5	21.7	10.2	19.7
Gross Value of Manufacturing Shipments (\$ Millions) .	1,980	13.1	1,750	5.4	1,660	2.6	1,618
Private and Public Capital Investment (\$ Millions) . . .	3,358	21.0	2,774	1.3	2,738	13.8	2,405
Dwelling Starts (Number). . . . .	1,371	-5.4	1,450	-14.5	1,696	-16.6	2,034
Retail Trade (\$ Millions) . . . . .	4,150	6.9	3,884	3.0	3,772	6.5	3,543
New Motor Vehicle Sales (Number) . . . . .	24,421	13.7	21,472	2.3	20,985	29.5	16,199

Note: Some data are preliminary.  
Some percent changes are based on unrounded data.  
\* forecast

Source: Statistics Canada; Economics and Statistics Branch,  
Department of Finance

**EXHIBIT II**  
**ESTIMATED PROVINCIAL AND FEDERAL REVENUES**  
**2000-01 and 1999-00 Revised**

	2000-01 Estimates	1999-00 Revised
	(\$000)	(\$000)
<b>PROVINCIAL TAX SOURCES:</b>		
Personal Income Tax . . . . .	555,900	604,975
Sales Tax . . . . .	482,300	467,164
Gasoline Tax . . . . .	128,000	125,500
Payroll Tax . . . . .	71,000	71,700
Tobacco Tax . . . . .	67,500	65,100
Corporate Income Tax . . . . .	85,000	83,385
Natural Resources Taxes and Royalties . . . . .	44,800	36,000
Insurance Companies Tax . . . . .	23,600	22,700
Corporate Capital Tax . . . . .	7,500	7,400
Forest Management Tax . . . . .	2,115	2,115
<b>TOTAL: Provincial Tax Sources . . . . .</b>	<b>1,447,715</b>	<b>1,486,039</b>
<b>OTHER PROVINCIAL SOURCES:</b>		
Newfoundland Liquor Corporation . . . . .	100,000	96,000
Lottery Revenues . . . . .	99,300	99,300
Vehicle and Driver Licences . . . . .	52,000	52,000
Registry of Deeds, Companies and Securities . . . . .	12,350	12,350
Fines and Forfeitures . . . . .	5,085	5,280
Inland Fish and Game Licences . . . . .	4,315	4,315
Water Power Rentals . . . . .	5,215	5,215
Registry of Bills and Sales . . . . .	3,800	2,685
Crown Lands . . . . .	2,500	2,470
Forestry Royalties and Fees . . . . .	2,245	2,245
Mining Permits and Fees . . . . .	1,850	1,690
Other . . . . .	7,955	8,365
<b>TOTAL: Other Provincial Sources . . . . .</b>	<b>296,615</b>	<b>291,915</b>
<b>TOTAL: PROVINCIAL SOURCES . . . . .</b>	<b>1,744,330</b>	<b>1,777,954</b>
<b>GOVERNMENT OF CANADA:</b>		
Equalization Payments . . . . .	1,030,500	1,070,920
Canada Health and Social Transfer (CHST) . . . . .	338,593	290,209
Sales Tax Transitional Assistance . . . . .	31,000	63,000
Statutory Subsidies . . . . .	1,754	1,754
<b>TOTAL: GOVERNMENT OF CANADA . . . . .</b>	<b>1,401,847</b>	<b>1,425,883</b>
<b>TOTAL: PROVINCIAL AND FEDERAL REVENUES . . . . .</b>	<b>3,146,177</b>	<b>3,203,837</b>

**EXHIBIT III**  
**CURRENT AND CAPITAL REVENUES**  
**PROVINCIAL AND FEDERAL SOURCES**  
**1996-97 to 2000-01**

	<b>2000-01</b>		<b>1999-00</b>		<b>1998-99</b>		<b>1997-98</b>		<b>1996-97</b>	
	<b>Estimates</b>		<b>Revised</b>		<b>Audited</b>		<b>Audited</b>		<b>Audited</b>	
	<b>(\$000)</b>	<b>%</b>	<b>(\$000)</b>	<b>%</b>	<b>(\$000)</b>	<b>%</b>	<b>(\$000)</b>	<b>%</b>	<b>(\$000)</b>	<b>%</b>
<b>Current Revenues :</b>										
Provincial Sources	<u>2,073,866</u>	58.4	<u>1,939,313</u>	56.5	<u>1,779,900</u>	51.7	<u>1,754,139</u>	48.6	<u>1,899,378</u>	57.3
Federal Sources	<u>1,474,425</u>	41.6	<u>1,491,433</u>	43.5	<u>1,661,823</u>	48.3	<u>1,853,822</u>	51.4	<u>1,416,767</u>	42.7
<b>Total: Current Revenues</b>	<u><b>3,548,291</b></u>	<u>100.0</u>	<u><b>3,430,746</b></u>	<u>100.0</u>	<u><b>3,441,723</b></u>	<u>100.0</u>	<u><b>3,607,961</b></u>	<u>100.0</u>	<u><b>3,316,145</b></u>	<u>100.0</u>
<b>Capital Revenues :</b>										
Provincial Sources	<u>90,516</u>	58.0	<u>63,297</u>	47.5	<u>42,397</u>	34.2	<u>29,091</u>	24.9	<u>22,554</u>	21.6
Federal Sources	<u>65,474</u>	42.0	<u>70,095</u>	52.5	<u>81,510</u>	65.8	<u>87,629</u>	75.1	<u>81,747</u>	78.4
<b>Total: Capital Revenues</b>	<u><b>155,990</b></u>	<u>100.0</u>	<u><b>133,392</b></u>	<u>100.0</u>	<u><b>123,907</b></u>	<u>100.0</u>	<u><b>116,720</b></u>	<u>100.0</u>	<u><b>104,301</b></u>	<u>100.0</u>
<b>Current and Capital Revenues :</b>										
Provincial Sources	<u>2,164,382</u>	58.4	<u>2,002,610</u>	56.2	<u>1,822,297</u>	51.1	<u>1,783,230</u>	47.9	<u>1,921,932</u>	56.2
Federal Sources	<u>1,539,899</u>	41.6	<u>1,561,528</u>	43.8	<u>1,743,333</u>	48.9	<u>1,941,451</u>	52.1	<u>1,498,514</u>	43.8
<b>Total: Current and Capital Revenues</b>	<u><b>3,704,281</b></u>	<u>100.0</u>	<u><b>3,564,138</b></u>	<u>100.0</u>	<u><b>3,565,630</b></u>	<u>100.0</u>	<u><b>3,724,681</b></u>	<u>100.0</u>	<u><b>3,420,446</b></u>	<u>100.0</u>

**EXHIBIT IV**  
**EXPENDITURE SUMMARY**  
**2000-01 Estimated**

<u>Head</u>	<u>Total</u>		<u>Current</u>		<u>Capital</u>	
	<u>Gross</u> <u>(\$000)</u>	<u>Net</u> <u>(\$000)</u>	<u>Gross</u> <u>(\$000)</u>	<u>Net</u> <u>(\$000)</u>	<u>Gross</u> <u>(\$000)</u>	<u>Net</u> <u>(\$000)</u>
Consolidated Fund Services . . . . .	611,709	456,563	611,120	469,215	589	(12,652)
Executive Council . . . . .	29,844	28,220	29,844	28,220	-	-
Finance . . . . .	47,471	(75,536)	47,471	(75,536)	-	-
Government Services and Lands . . . . .	26,080	22,391	25,683	23,244	397	(853)
Legislature . . . . .	11,343	11,185	11,343	11,185	-	-
Public Service Commission . . . . .	2,282	2,282	2,282	2,282	-	-
Works, Services and Transportation . . . . .	308,979	155,579	152,027	123,152	156,952	32,427
Development and Rural Renewal . . . . .	34,704	19,721	28,388	20,205	6,316	(484)
Environment and Labour . . . . .	12,336	6,905	12,336	6,905	-	-
Fisheries and Aquaculture . . . . .	13,219	9,807	13,069	9,657	150	150
Forest Resources and Agrifoods . . . . .	45,718	39,506	43,418	37,206	2,300	2,300
Industry, Trade and Technology . . . . .	18,493	12,988	18,493	12,988	-	-
Mines and Energy . . . . .	18,195	17,070	18,195	17,070	-	-
Tourism, Culture and Recreation . . . . .	25,489	23,804	24,166	22,541	1,323	1,263
Education . . . . .	722,087	692,106	712,201	684,169	9,886	7,937
Health and Community Services . . . . .	1,265,611	1,244,165	1,230,744	1,212,298	34,867	31,867
Human Resources and Employment . . . . .	281,210	265,774	281,210	265,774	-	-
Justice . . . . .	123,148	113,351	119,903	110,106	3,245	3,245
Municipal and Provincial Affairs . . . . .	104,654	98,587	58,782	57,880	45,872	40,707
Newfoundland and Labrador Housing Corporation . . . . .	6,400	6,400	6,400	6,400	-	-
<b>TOTAL . . . . .</b>	<b>3,708,972</b>	<b>3,150,868</b>	<b>3,447,075</b>	<b>3,044,961</b>	<b>261,897</b>	<b>105,907</b>

**EXPENDITURE SUMMARY**  
**1999-00 Revised**

Consolidated Fund Services . . . . .	596,742	562,661	583,252	551,107	13,490	11,554
Executive Council . . . . .	27,302	25,843	27,302	25,843	-	-
Finance . . . . .	50,481	(21,575)	42,421	(29,635)	8,060	8,060
Government Services and Lands . . . . .	24,347	19,988	24,050	21,041	297	(1,053)
Legislature . . . . .	11,007	10,821	11,007	10,821	-	-
Public Service Commission . . . . .	1,742	1,722	1,742	1,722	-	-
Works, Services and Transportation . . . . .	290,010	151,757	144,534	120,476	145,476	31,281
Development and Rural Renewal . . . . .	27,304	10,808	21,982	13,909	5,322	(3,101)
Environment and Labour . . . . .	10,644	5,538	10,644	5,538	-	-
Fisheries and Aquaculture . . . . .	9,641	5,605	9,541	6,755	100	(1,150)
Forest Resources and Agrifoods . . . . .	48,927	43,381	46,627	41,081	2,300	2,300
Industry, Trade and Technology . . . . .	14,313	11,551	14,304	11,549	9	2
Mines and Energy . . . . .	12,660	12,616	12,660	12,616	-	-
Tourism, Culture and Recreation . . . . .	25,553	23,289	23,435	21,302	2,118	1,987
Education . . . . .	718,496	690,450	706,864	679,378	11,632	11,072
Health and Community Services . . . . .	1,232,297	1,212,388	1,164,021	1,147,112	68,276	65,276
Human Resources and Employment . . . . .	268,765	257,276	268,765	257,276	-	-
Justice . . . . .	119,272	108,534	118,572	107,834	700	700
Municipal and Provincial Affairs . . . . .	105,454	102,003	63,509	62,598	41,945	39,405
Newfoundland and Labrador Housing Corporation . . . . .	2,000	2,000	2,000	2,000	-	-
<b>TOTAL . . . . .</b>	<b>3,596,957</b>	<b>3,236,556</b>	<b>3,297,232</b>	<b>3,070,323</b>	<b>299,725</b>	<b>166,333</b>

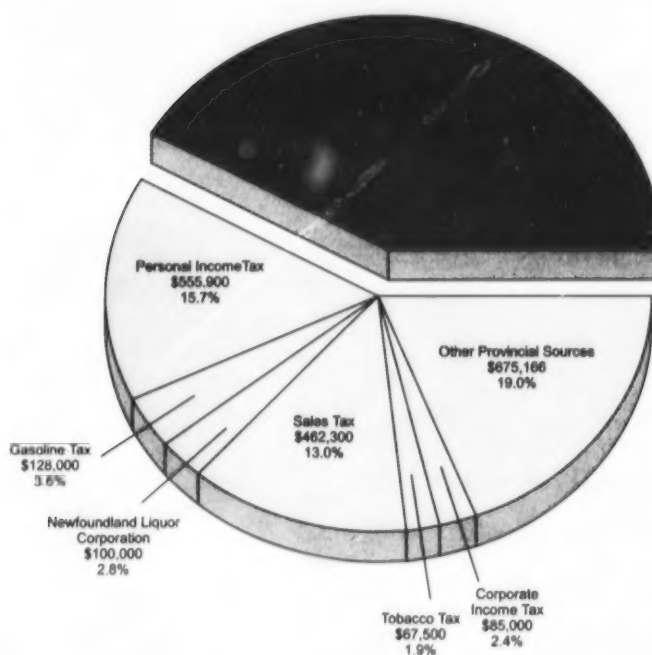
**EXHIBIT V**  
**PUBLIC SECTOR DEBT**  
**1996 to 2000**

	Five Years ending March 31				
	2000*	1999	1998	1997	1996
(Millions of dollars)					
<b>Provincial Direct Debt:</b>					
Payable in Canadian Dollars .....	3,059.2	2,659.9	2,065.0	2,070.0	2,010.7
Due Government of Canada .....	633.7	638.4	673.3	711.1	762.5
Payable in U.S. Dollars .....	1,705.1	1,770.4	1,666.4	1,624.6	1,730.8
Payable in Japanese Yen .....	31.1	89.1	74.9	78.1	227.0
Payable in Swiss Francs .....	389.8	457.8	538.2	690.6	822.2
<b>Total Debenture and Other Debt.....</b>	<b>5,818.9</b>	<b>5,615.6</b>	<b>5,017.8</b>	<b>5,174.4</b>	<b>5,553.2</b>
Treasury Bills .....	390.0	390.0	390.0	390.0	390.0
<b>Total Provincial Direct Debt .....</b>	<b>6,208.9</b>	<b>6,005.6</b>	<b>5,407.8</b>	<b>5,564.4</b>	<b>5,943.2</b>
<b>Crown Corporation and Other Debt:</b>					
Utility .....	1,061.0	1,096.1	1,180.8	1,438.8	1,441.9
Housing .....	126.0	126.0	131.6	153.2	166.3
Municipal .....	532.4	550.8	594.7	664.2	705.4
Other .....	153.2	38.7	111.8	154.2	93.3
<b>Total Crown Corporation and Other Debt .....</b>	<b>1,872.6</b>	<b>1,811.6</b>	<b>2,018.9</b>	<b>2,410.4</b>	<b>2,406.9</b>
<b>Deduct Sinking Funds held for</b>					
<b>Redemption of Debt:</b>					
Direct Debt .....	1,191.0	1,123.0	1,056.7	1,029.3	1,013.4
Guaranteed Debt .....	218.5	237.8	388.2	559.5	481.0
<b>Total Sinking Funds.....</b>	<b>1,409.5</b>	<b>1,360.8</b>	<b>1,444.9</b>	<b>1,588.8</b>	<b>1,494.4</b>
<b>Total Public Sector Debt (Note 1).....</b>	<b>6,672.0</b>	<b>6,456.4</b>	<b>5,981.8</b>	<b>6,386.0</b>	<b>6,855.7</b>

\* Forecast

**Note 1:** For 1996-99, debt payable in foreign currencies is shown at the Canadian dollar equivalent using exchange rates in effect on March 31 of each year. For the 2000 Forecast, foreign currency debt is converted to the Canadian dollar equivalent using exchange rates in effect on March 7, 2000.

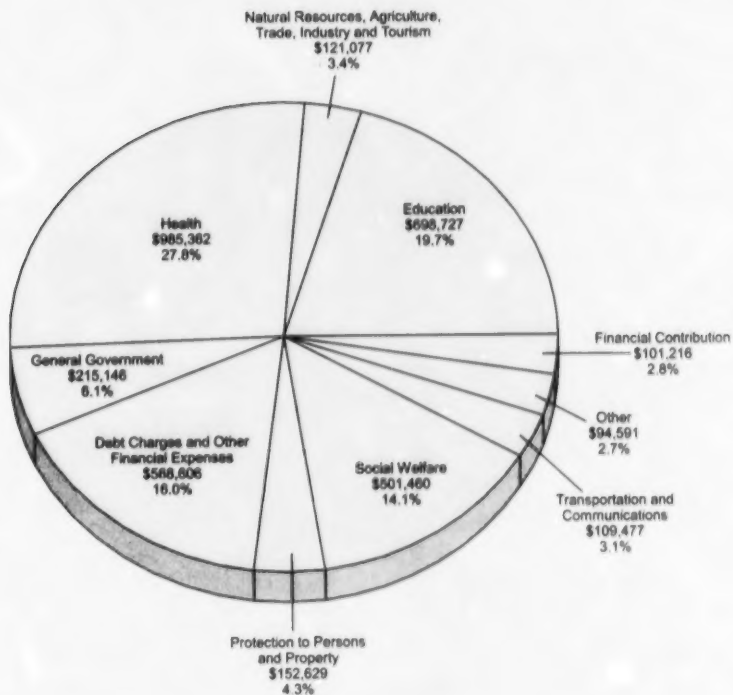
**EXHIBIT VI**  
**SUMMARY OF CURRENT REVENUES (By Source)**  
**WHERE THE MONEY COMES FROM**



Percentage Of Total		Source	Amount	
Revised 1999-00	Estimate 2000-01		(\$000)	
			Estimate 2000-01	Revised 1999-00
Provincial:				
17.6	15.7	Personal Income Tax	555,900	604,975
13.6	13.0	Sales Tax	462,300	467,164
3.7	3.6	Gasoline Tax	128,000	125,500
2.8	2.8	Newfoundland Liquor Corporation	100,000	96,000
1.9	1.9	Tobacco Tax	67,500	65,100
2.4	2.4	Corporate Income Tax	85,000	83,385
14.5	19.0	Other Provincial Sources	675,166	497,189
56.5	58.4	Total: Provincial	2,073,866	1,939,313
Government of Canada:				
31.2	29.1	Equalization Payments	1,030,500	1,070,920
12.3	12.5	Other Federal Sources	443,925	420,513
43.5	41.6	Total: Government of Canada	1,474,425	1,491,433
100.0	100.0	Total	3,548,291	3,430,746



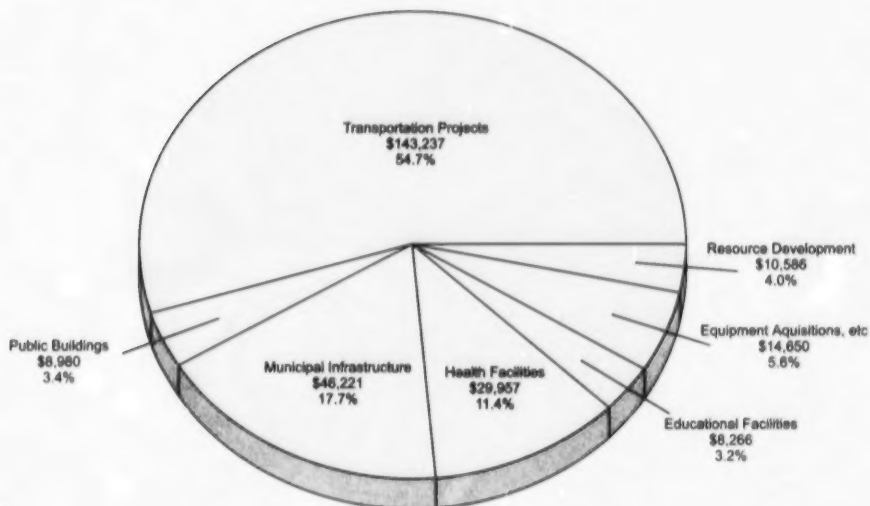
**EXHIBIT VII**  
**SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)**  
**WHERE THE MONEY GOES**



Percentage of Total		Function of Expenditure	Amount (\$000)	
Revised 1999-00	Estimate 2000-01		Estimate 2000-01	Revised 1999-00
		<b>Expenditure:</b>		
20.2	19.7	Education	698,727	692,061
27.1	27.8	Health	985,362	928,685
15.9	16.0	Debt Charges and Other Financial Expenses	568,606	546,503
14.1	14.1	Social Welfare	501,460	485,192
3.1	3.4	Natural Resources, Agriculture, Trade, Industry and Tourism	121,077	104,484
5.9	6.1	General Government	215,146	200,658
4.3	4.3	Protection to Persons and Property	152,629	148,999
3.0	3.1	Transportation and Communications	109,477	103,450
2.5	2.7	Other	94,591	87,200
96.1	97.2	<b>Total: Expenditures</b>	<b>3,447,075</b>	<b>3,297,232</b>
3.9	2.8	<b>Financial Contribution</b>	<b>101,216</b>	<b>133,514</b>
100.0	100.0	<b>Total:</b>	<b>3,548,291</b>	<b>3,430,746</b>

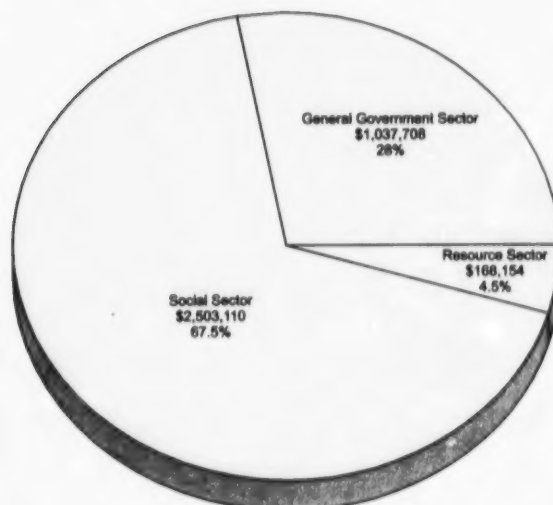


**EXHIBIT VIII**  
**SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES**  
**(By Function)**



<u>Percentage of Total</u>		<u>Category of Capital Expenditure</u>	<u>Amount</u>	
			<u>(\$000)</u>	
<u>Revised 1999-00</u>	<u>Estimate 2000-01</u>		<u>Estimate 2000-01</u>	<u>Revised 1999-00</u>
<b>Expenditure:</b>				
44.2	54.7	Transportation Projects	143,237	132,381
10.4	4.0	Resource Development	10,586	31,261
14.1	17.7	Municipal Infrastructure	46,221	42,318
15.1	11.4	Health Facilities	29,957	45,326
3.4	3.2	Educational Facilities	8,266	10,012
10.2	5.6	Equipment Acquisitions, etc.	14,650	30,602
2.6	3.4	Public Buildings	8,980	7,825
<u>100.0</u>	<u>100.0</u>	<b>Total: Expenditure</b>	<u>261,897</u>	<u>299,725</u>
<b>Source of Financing:</b>				
23.4	25.0	Government of Canada Revenues	65,474	70,095
21.1	34.6	Provincial Revenues	90,516	63,297
55.5	40.4	Financial Requirement	105,907	166,333
<u>100.0</u>	<u>100.0</u>	<b>Total: Sources</b>	<u>261,897</u>	<u>299,725</u>

**EXHIBIT IX**  
**SUMMARY OF GROSS GOVERNMENT EXPENDITURES**  
**CURRENT AND CAPITAL**  
**(By Sector)**



**(TOTAL EXPENDITURE: \$ 3,708,971,900)**

**GROSS GOVERNMENT EXPENDITURE**

	Estimate 2000-01 (\$000)	Percentage of Total %
Sector Expenditure		
General Government .....	1,037,708	28.0
Resource .....	168,154	4.5
Social .....	2,503,110	67.5
<b>Total: Expenditure .....</b>	<b>3,708,972</b>	<b>100.0</b>

**GENERAL GOVERNMENT SECTOR**

	Estimate 2000-01 (\$000)	Percentage of Total %
Consolidated Fund Services .....	611,709	16.5
Executive Council .....	29,844	0.8
Finance .....	47,471	1.3
Government Services and Lands .....	26,080	0.7
Legislature .....	11,343	0.3
Public Service Commission .....	2,282	0.1
Works, Services and Transportation ....	308,979	8.3
<b>Total: General Government Sector .....</b>	<b>1,037,708</b>	<b>28.0</b>

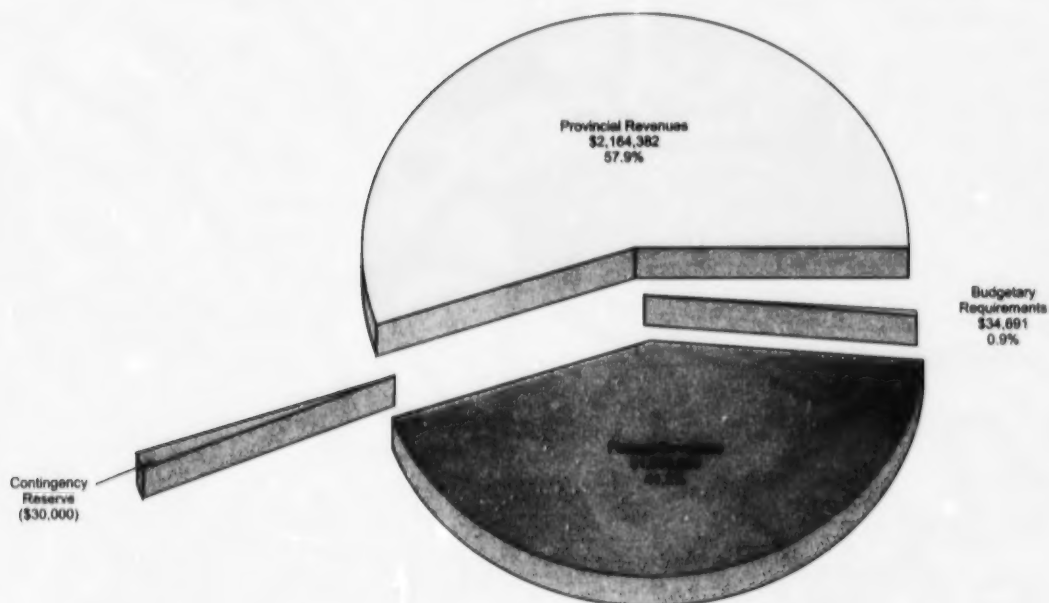
**SOCIAL SECTOR**

	Estimate 2000-01 (\$000)	Percentage of Total %
Education .....	722,087	19.5
Health and Community Services ....	1,265,611	34.1
Human Resources and Employment .....	281,210	7.6
Justice .....	123,148	3.3
Municipal and Provincial Affairs ...	104,654	2.8
Newfoundland and Labrador		
Housing Corporation .....	6,400	0.2
<b>Total: Social Sector .....</b>	<b>2,503,110</b>	<b>67.5</b>

**RESOURCE SECTOR**

	Estimate 2000-01 (\$000)	Percentage of Total %
Development and Rural Renewal .....	34,704	0.9
Environment and Labour .....	12,336	0.3
Fisheries and Aquaculture .....	13,219	0.4
Forest Resources and Agrifoods .....	45,718	1.2
Industry, Trade and Technology .....	18,493	0.5
Mines and Energy .....	18,195	0.5
Tourism, Culture and Recreation .....	25,489	0.7
<b>Total: Resource Sector .....</b>	<b>168,154</b>	<b>4.5</b>

**EXHIBIT X**  
**SUMMARY OF BUDGETARY FINANCING SOURCES**  
**(For Gross Current and Capital Account Expenditures)**



<u>Percentage of Total</u>		<u>Category of Financing</u>	<u>Amount</u>	
			<u>(\$000)</u>	
<u>Revised 1999-00</u>	<u>Estimate 2000-01</u>		<u>Estimate 2000-01</u>	<u>Revised 1999-00</u>
		Revenue Sources:		
55.7	57.9	Provincial	2,164,382	2,002,610
<u>43.4</u>	<u>41.2</u>	Federal	<u>1,539,899</u>	<u>1,561,528</u>
			<u>3,704,281</u>	<u>3,564,138</u>
<u>0.9</u>	<u>0.9</u>	Budgetary Requirements:	<u>34,691</u>	<u>32,819</u>
<u>100.0</u>	<u>100.0</u>	Total: Sources	<u>3,738,972</u>	<u>3,596,957</u>
		Contingency Reserve	<u>(30,000)</u>	<u>-</u>
		Gross Current and Capital Expenditures:	<u>3,708,972</u>	<u>3,596,957</u>

**EXHIBIT XI**  
**SUMMARY OF SALARY COSTS BY DEPARTMENT**  
**2000-01 and 1999-00 (Revised)**

DEPARTMENT	2000-01 Estimates \$	1999-00 Revised \$
Consolidated Fund Services . . . . .	500,000	600,000
Executive Council . . . . .	14,810,100	13,651,500
Finance* . . . . .	11,677,000	10,733,400
Government Services and Lands . . . . .	16,634,900	16,209,700
Legislature . . . . .	4,961,200	4,380,200
Public Service Commission . . . . .	1,633,000	1,117,300
Works, Services and Transportation . . . . .	69,844,700	68,298,200
Development and Rural Renewal . . . . .	5,886,700	5,767,200
Environment and Labour . . . . .	6,999,100	6,522,300
Fisheries and Aquaculture . . . . .	4,801,700	4,557,700
Forest Resources and Agrifoods . . . . .	21,466,100	22,977,000
Industry, Trade and Technology . . . . .	3,811,100	3,292,200
Mines and Energy . . . . .	5,875,000	5,410,300
Tourism, Culture and Recreation . . . . .	9,914,900	9,244,800
Education . . . . .	9,390,000	9,138,500
Health and Community Services** . . . . .	10,247,100	6,858,700
Human Resources and Employment . . . . .	22,386,900	21,179,900
Justice . . . . .	56,630,800	55,576,300
Municipal and Provincial Affairs . . . . .	5,414,900	5,474,000
<b>TOTAL . . . . .</b>	<u>282,885,200</u>	<u>270,989,200</u>
Less: Capital Account Salary Expenditure . . . . .	10,122,800	10,459,300
Total: Current Account Salary Expenditure . . . . .	<u>272,762,400</u>	<u>260,529,900</u>

\* Includes Pay Equity payments (\$5,028,500, 2000-01 Estimates; \$4,416,600, 1999-00 Revised).

\*\* Reflects the transfer of staff of the Medical Care Commission to the Department in 2000-01.

**EXHIBIT XII**

**ESTIMATED INTEREST AND DEBT RETIREMENT 2000-01**

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	\$	\$	\$
<b>Payable in Canadian Dollars:</b>							
1982/2002	5K	50,000,000	14%	2	7,375,000		4,200,000
1983/2003	5L	125,000,000	12%	2	16,093,800	2,500,000	
1984/2004	5N	100,000,000	13%	2	13,500,000	2,000,000	
1986/2001	EC3	66,407,000	7 1/2	2	4,980,500	1,328,100	
1986/2006	5Q	100,000,000	11	2	11,000,000	2,000,000	
1987/2007	5S	42,300,000	10.79	2	4,564,200	846,000	
1987/2007	EC4	15,447,000	9	2	1,390,200	308,900	
1987/2010	5R	100,000,000	9%	2	9,375,000	2,000,000	
1988/2008	5T	100,000,000	11%	2	11,250,000	2,000,000	
1989/2012	5U	125,000,000	11	2	13,750,000	2,500,000	
1989/2014	5V	150,000,000	10%	1 1/2	15,187,500	2,250,000	
1991/2021	5X	150,000,000	10.95	-	16,425,000		
1993/2003	EC6	150,000,000	8%	2	13,125,000	3,000,000	
1995/2025	6B	100,000,000	9.15	3/4	9,150,000	750,000	
1996/2001	6D	100,000,000	7.6	-	7,600,000		
1996/2004	5Z	98,895,000	9.55	-	9,444,500		
1996/2026	6C	150,000,000	8.45	3/4	12,675,000	1,125,000	
1997/2007	6E	150,000,000	5.90	-	8,850,000		
1998/1999	CC1	81,100,000	FLOATING	-	4,938,000		
1998/2005	NPPF-1	5,143,342	8	-	411,500		701,100
1998/2008	6G	250,000,000	5.70	-	14,250,000		
1998/2028	6F	450,000,000	6.15	1	27,675,000	4,500,000	
1999/2009	6J	200,000,000	6.70	-	13,400,000		
1999/2029	6H	200,000,000	6.50	1 1/8	13,000,000	2,250,000	
2000/2001 Anticipated					7,250,000		
					<b>266,660,200</b>	<b>29,358,000</b>	<b>4,901,100</b>
<b>Payable in United States Dollars:</b>							
1987/2007	AF	100,000,000	11%	2	16,856,300	2,900,000	
1989/2019	AG	150,000,000	9	1 1/2	19,575,000	3,262,500	
1990/2020	AH	150,000,000	9%	1/2	21,478,100	1,087,500	
1990/2020	AJ	150,000,000	10	1/2	21,750,000	1,087,500	
1991/2021	AK	200,000,000	9	1/2	26,100,000	1,450,000	
1992/2022	AM	200,000,000	8.65	1/2	25,085,000	1,450,000	
1993/2023	AN	200,000,000	7.32	3/4	21,228,000	2,175,000	
1994/2001	J11	23,500,000	FLOATING	-	2,511,600		
					<b>154,584,000</b>	<b>13,412,500</b>	
<b>Payable in Japanese Yen:</b>							
1994/2001	J10	2,300,000	4.95	-	1,427,000		
					<b>1,427,000</b>		

**EXHIBIT XII**

**ESTIMATED INTEREST AND DEBT RETIREMENT 2000-01 (Cont'd)**

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	\$	\$	\$
<b>Payable in Swiss Francs:</b>							
1985/2000	S3	150,000,000	5%	-	7,256,300		135,000,000
1991/2003	S7	150,000,000	7	2	9,450,000	2,191,700	
1997/2002	S8	150,000,000	3%	-	4,387,500		
					<u>21,093,800</u>	<u>2,191,700</u>	<u>135,000,000</u>
					<u>443,765,000</u>	<u>44,962,200</u>	<u>139,901,100</u>
<b>Canada Pension Plan: (20 Year Term)</b>							
1980/81	3A	42,645,000	11.61-13.46	-	3,643,600		
1981/82	3A	52,973,000	13.66-17.51	-	8,173,600		
1982/83	3A	52,104,000	12.01-16.53	-	7,645,000		
1983/84	3A	50,738,000	10.92-12.14	-	5,882,300		
1984/85	3A	47,146,000	12.08-14.06	0.004	6,303,100	177,500	
1985/86	3A	50,570,000	10.58-12.57	0.011	5,806,900	543,100	
1986/87	3A	59,659,000	9.04-10.17	0.012	5,735,200	744,900	
1987/88	3A	43,829,000	9.12-11.07	0.014	4,280,400	604,700	
1988/89	3A	41,635,000	9.62-10.39	0.015	4,196,400	616,800	
1989/90	3A	45,188,000	9.15-10.31	0.016	4,475,100	706,300	
1990/91	3A	40,432,000	9.76-11.33	0.017	4,385,400	685,700	
1991/92	3A	40,858,000	9.81-10.04	0.017	4,052,800	684,800	
1992/93	3A	28,770,000	9.17- 9.45	0.017	2,695,300	493,900	
1998/99	3A	1,827,000	5.97	0.020	109,100	36,500	
1999/2000 Anticipated					2,317,000	705,600	
2000/2001 Anticipated					<u>1,024,900</u>		
					<u>70,726,100</u>	<u>5,999,800</u>	
<b>TOTAL</b>					<u>514,491,100</u>	<u>50,962,000</u>	<u>139,901,100</u>

**EXCHANGE RATES USED IN CONVERSION**

U.S..... 1.4500 Cdn.  
Yen..... 0.0125 Cdn.  
S.F. .... 0.9000 Cdn.

**EXHIBIT XIII**  
**DETAILS OF CAPITAL EXPENDITURES**  
**ESTIMATES 2000-01**

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
<b>CONSOLIDATED FUND SERVICES</b>				
1.2.01	Recoveries on Loans, Advances and Investments .....	-	13,240,300	(13,240,300)
1.3.01	Various Facilities - Rental Purchase .....	89,500	-	89,500
1.4.02	Issues Under Guarantee (Statutory) .....	500,000	1,000	499,000
<b>TOTAL</b>		<b>589,500</b>	<b>13,241,300</b>	<b>(12,651,800)</b>
<b>GOVERNMENT SERVICES AND LANDS</b>				
4.1.05	Land Development .....	397,400	1,250,000	(852,600)
<b>TOTAL</b>		<b>397,400</b>	<b>1,250,000</b>	<b>(852,600)</b>
<b>WORKS, SERVICES AND TRANSPORTATION</b>				
2.2.05	Salt Storage Sheds .....	300,000	-	300,000
2.2.06	Alterations - Leased Accommodations .....	75,000	-	75,000
2.3.03	Heavy Equipment .....	4,000,000	125,000	3,875,000
3.2.01	Administrative Support - Road Construction .....	449,500	-	449,500
3.2.02	Pre - Engineering - Road Construction .....	650,000	-	650,000
3.2.03	Improvement and Construction - Provincial Roads .....	19,000,000	4,000,000	15,000,000
3.2.04	Highways - Transportation Initiative .....	33,200,000	33,200,000	-
3.2.05	Regional Roads - Transportation Initiative .....	22,800,000	22,800,000	-
3.2.06	Trans Labrador Highway .....	57,500,000	57,500,000	-
3.2.07	Land Acquisition .....	2,000,000	-	2,000,000
3.3.01	Alterations and Improvements to Existing Facilities .....	4,600,000	75,000	4,525,000
3.3.02	Development of New Facilities .....	500,000	4,545,000	(4,045,000)
3.3.03	Advanced Planning - Studies .....	200,000	-	200,000
3.3.04	Realty Services .....	40,000	-	40,000
4.1.03	Airstrips .....	1,300,000	1,300,000	-
4.2.04	Ferry Terminals .....	3,287,000	980,000	2,307,000
4.2.05	Ferry Vessels .....	3,050,900	-	3,050,900
4.3.03	Aircraft Replacement .....	4,000,000	-	4,000,000
<b>TOTAL</b>		<b>156,952,400</b>	<b>124,525,000</b>	<b>32,427,400</b>
<b>DEVELOPMENT AND RURAL RENEWAL</b>				
3.1.09	Economic Development and Fisheries Adjustment Agreement .....	3,194,000	-	3,194,000
4.1.02	Strategic Enterprise Development Fund .....	2,121,500	6,800,000	(4,678,500)
4.2.03	Newfoundland and Labrador Film Development Corporation .....	1,000,000	-	1,000,000
<b>TOTAL</b>		<b>6,315,500</b>	<b>6,800,000</b>	<b>(484,500)</b>
<b>FISHERIES AND AQUACULTURE</b>				
2.1.03	Fisheries Facilities .....	150,000	-	150,000
<b>TOTAL</b>		<b>150,000</b>	<b>-</b>	<b>150,000</b>



**EXHIBIT XIII**  
**DETAILS OF CAPITAL EXPENDITURES**  
**ESTIMATES 2000-01**

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
<b>FOREST RESOURCES AND AGRIFOODS</b>				
2.1.05	Resource Roads Construction .....	2,000,000	-	2,000,000
4.1.03	Land Development .....	300,000	-	300,000
<b>TOTAL</b>		<b>2,300,000</b>	<b>-</b>	<b>2,300,000</b>
<b>TOURISM, CULTURE AND RECREATION</b>				
3.1.05	Support for Cultural Activities .....	200,000	-	200,000
3.1.06	Historic Sites Development .....	610,000	10,000	600,000
4.1.02	Park Development .....	250,000	-	250,000
4.1.03	National Parks .....	5,000	2,500	2,500
5.1.02	Community Sports Facilities .....	199,000	-	199,000
7.1.02	Economic Renewal Agreement .....	58,600	46,900	11,700
<b>TOTAL</b>		<b>1,322,600</b>	<b>59,400</b>	<b>1,263,200</b>
<b>EDUCATION</b>				
3.1.06	Skills Training Projects - Offshore Fund .....	2,598,800	1,949,100	649,700
3.2.02	Physical Plant and Equipment - Memorial University .....	3,666,900	-	3,666,900
3.3.02	Physical Plant and Equipment - Provincial College .....	3,500,000	-	3,500,000
4.2.02	Provincial Information and Library Resources .....	120,000	-	120,000
<b>TOTAL</b>		<b>9,885,700</b>	<b>1,949,100</b>	<b>7,936,600</b>
<b>HEALTH AND COMMUNITY SERVICES</b>				
3.3.01	Furnishings and Equipment .....	5,000,000	-	5,000,000
3.3.02	Health Care Facilities .....	29,867,300	3,000,000	26,867,300
<b>TOTAL</b>		<b>34,867,300</b>	<b>3,000,000</b>	<b>31,867,300</b>
<b>JUSTICE</b>				
4.2.03	Youth Corrections Facilities .....	3,245,000	-	3,245,000
<b>TOTAL</b>		<b>3,245,000</b>	<b>-</b>	<b>3,245,000</b>
<b>MUNICIPAL AND PROVINCIAL AFFAIRS</b>				
3.2.01	Municipal Infrastructure .....	37,693,000	-	37,693,000
3.2.02	Canada-Newfoundland Infrastructure Program .....	15,000	7,500	7,500
3.2.03	Water and Sewer Servicing - Coastal Labrador .....	3,714,000	2,195,000	1,519,000
4.1.03	Disaster Assistance for Infrastructure .....	4,300,000	2,812,800	1,487,200
4.1.04	Joint Emergency Preparedness Projects .....	150,000	150,000	-
<b>TOTAL</b>		<b>45,872,000</b>	<b>5,165,300</b>	<b>40,706,700</b>
<b>TOTAL: CAPITAL ACCOUNT EXPENDITURES</b>		<b>261,897,400</b>	<b>155,990,100</b>	<b>105,907,300</b>